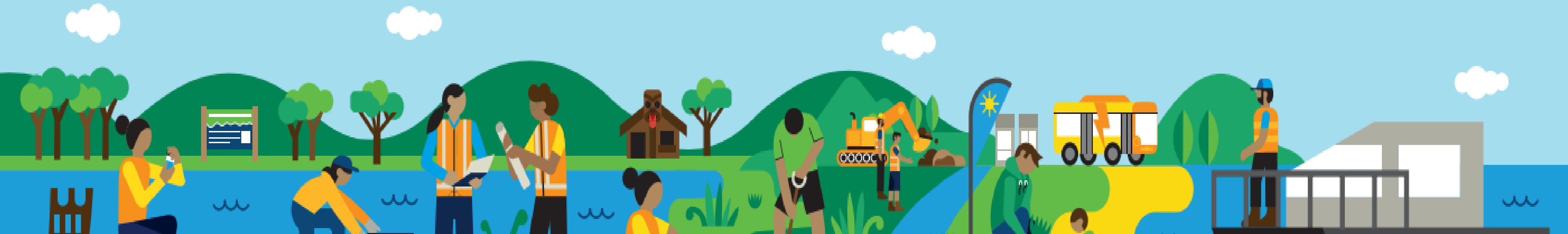
Draft Long Term Plan 2024-2034

BAY OF PLENTY REGIONAL COUNCIL TOI MOANA

Wāhanga Tuarua - Volume 2



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Executive Summary

The purpose of the financial strategy is to facilitate prudent financial management and provide a guide for considering proposals for funding and spending. The fundamental premise of our financial strategy is that our financial management enables the delivery of our work.

Our financial strategy has been designed to deliver our Strategic Direction and work plans while taking the external financial situation into account. The main results of our Financial Strategy are:

- Prudent financial planning for the whole Council Group.
- Maintaining financial resilience to respond to the impact of climate change and other challenges through increasing the net value of the Council Group's investments.
- Keeping rates affordable through cost of living pressures.

The main methods that we use to achieve our results and maintain levels of service are:

- Focusing on efficiency and effectiveness.
- Ensuring the right people are paying for services.
- Using financial reserves where appropriate.
- Diversifying our investments in Quayside Holdings and growing dividends.
- Maintaining the ability to borrow if needed.

Introduction

Council's vision is "Thriving Together -mō te taiaō, mo ngā tāngata".

The financial strategy builds a sustainable budget that ensures we can continue to deliver our defined levels of service. The financial strategy outlines the key financial results that Council aims to achieve and explains how the Council will be sustainable over the next 10 years.

It is Council's view that the implementation of this financial strategy in the LTP 2024-2034 is prudent and sustainable. It will ensure a balance between providing the community with what they need, with keeping core services and functions affordable.

Our Financial Strategy will ensure that:

- We keep rates affordable. To achieve this, Council has, and will continue to, focus on efficiency and effectiveness, and has used reserves to smooth rates increases rates increases over the first three years of this LTP.
- We have the financial resilience to respond to climate change, extreme weather events and other challenges. To achieve this, Council has proposed that Quayside be allowed to partially sell its shareholding in the Port of Tauranga to diversify and grow its investment portfolio. Council also has cash reserves that can be used if required.
- We can continue to deliver the required levels of service for our activities. Council has set prudential limits for rates increases and debt. Council has significant debt headroom to be able to respond to a crisis.

Financial Principles

Council has determined the following financial principles to guide its financial decisions and actions through the LTP 2024-2034:

Principle 1: Council balances operating expenditure and revenue except where an alternative approach is more financially prudent.

Principle 2: Council achieves the right mix to fund its activities, and keep rates, and fees and charges, affordable, fair and equitable now and for the future.

Principle 3: Council promotes effective and efficient use of resources to achieve better value for money.

Principle 4: Council creates resilience through robust and agile management practices which minimise or mitigate risk to achieving its financial objectives.

Principle 5: Council supports investment in solutions that are the most appropriate in the long term.

The Council Group

The wider Council Group consists of several Council Controlled Organisations ("CCO") that complement the services that Council delivers directly. As part of the Council Group, Council is the 100% owner of Quayside Holdings Limited (Quayside) which manages our commercial investments, 100% owner of the Toi Moana Trust which manages one of our long term reserve funds, and a part owner of Bay of Plenty Local Authority Shared Services, Regional Software Holdings Limited and the Local Government Funding Agency Limited which guarantees us access to shared service arrangements to reduce costs and the ability to borrow at low interest rates.

Quayside Holdings Limited

Council holds a 100% shareholding in Quayside, which manages Council's commercial investments. Quayside's vision is to provide long term financial security to Council, through a diversified investment portfolio and through ensuring our shareholding in the Port of Tauranga is managed in an effective and commercial manner.

Quayside manages commercial investments to optimise growth and returns over the long run for the good of the Bay of Plenty. Specific core activities include the following:

Port of Tauranga- holds shareholding in the Port of Tauranga.
Non-Port investment portfolio – manages a diversified investment portfolio including shares, private equity, and real assets.

Quayside provides an annual dividend to Council which is used to reduce rates.

Toi Moana Trust

Council is the 100% owner of the Toi Moana Trust. This trust is a Portfolio Investment Entity that manages a $70 million diversified investment portfolio and provides distributions to Council which are used to reduce rates. The Toi Moana Trust has a target annual dividend to Council of 5%.

Bay of Plenty Local Authority Shared Services

Council holds a 16.1% shareholding in Bay of Plenty Local Authority Shared Services Limited, with the eight other local authorities in the Bay of Plenty and Gisborne. This CCO provides shared services and joint procurement initiatives where these are more efficient or effective than can be delivered directly by individual Councils.

Regional Software Holdings Limited

RSHL provides a framework for collaboration across Te Uru Kahika (the Regional Council Sector Group). RSHL operates by facilitating collaborative initiatives between councils and through managed contractual arrangements.

Local Government Funding Agency Limited

Council holds a 7.5% shareholding in the Local Government Funding Agency Limited. This CCO provides access to borrowing to Councils across New Zealand at better rates than could be delivered individually.

Our Financial Path

Over the next 10 years, we expect that there will be continued pressure on us to deliver more and keep rates affordable. The factors that we expect to have a significant impact on our finances over the next 10 years include:

- The levels of services that we are expected to deliver for Government and our community
- Increased risk of severe weather events and increased capital costs to protect from flooding
- Future proofing our region from the impacts of a changing climate
- Cost of living pressures for our community
- Uncertain economic forecasts
- Population growth

As many of these factors are very uncertain and have long term implications, we need to ensure that we have the financial resilience to respond as needed.

Our financial path has five main components to address the significant factors:

- Focusing on efficiency and effectiveness.
- Ensuring the right people are paying for services
- Using financial reserves where appropriate
- Diversifying our investments in Quayside and growing dividends
- Maintaining the ability to borrow if needed.

Focus on efficiency and effectiveness

Council is committed to reducing costs and ensuring that we deliver value for money. The focus of the Long Term Plan 2024-2034 is to deliver our Community Outcomes and improve the wellbeing of our communities. We use a strategically driven process, where rates are an end result of the process, rather than an up-front revenue target. Activity planning included a detailed review of discretionary/non-discretionary work, and defined levels of service and performance measures.

We are on track to making savings of $2 million in 2023/24, which we can use to reduce the impact on rates next year. This LTP sees includes an immediate reduction of $4.5 million per annum in operating expenses that were determined to be non-essential and a further $5 million budgeted savings from increased use of shared services.

As more information becomes available, we will continue to rigorously review the budget throughout this Long Term Plan process, for each Annual Plan and closely monitor expenditure and value for money through our Arotake Performance Monitoring reports to Council.

Ensuring the right people are paying for services

Council has a range of options available to fund work and manage financial risk. Our main funding sources are:

Quayside Dividend Council established Quayside as our commercial investment arm. Council provides guidance regarding the dividend amount. As greater dividends are received, less funds may be available for reinvestment. This may impact on future generations. Council receives a higher percentage of its operating income from investment income than any other regional council.

Investments Quayside holds our 54.14% shareholding in the Port of Tauranga as well as a growing portfolio of non-port investments ($503 million as at June 2023). Quayside increases its investments by using any profit it retained after the dividend is paid to Council and Perpetual Preference Shareholders. These investments provide for future dividend increases and financial resilience. In addition, Council holds reserve funds which are in safe investments until needed for cash-flow.

Borrowing Council borrows through the Local Government Funding Agency Limited. Borrowing spreads the cost of an investment over time, which makes it suitable for funding capital projects. Council does have prudential limits on its borrowing and needs to take future interest rate forecasts into account.

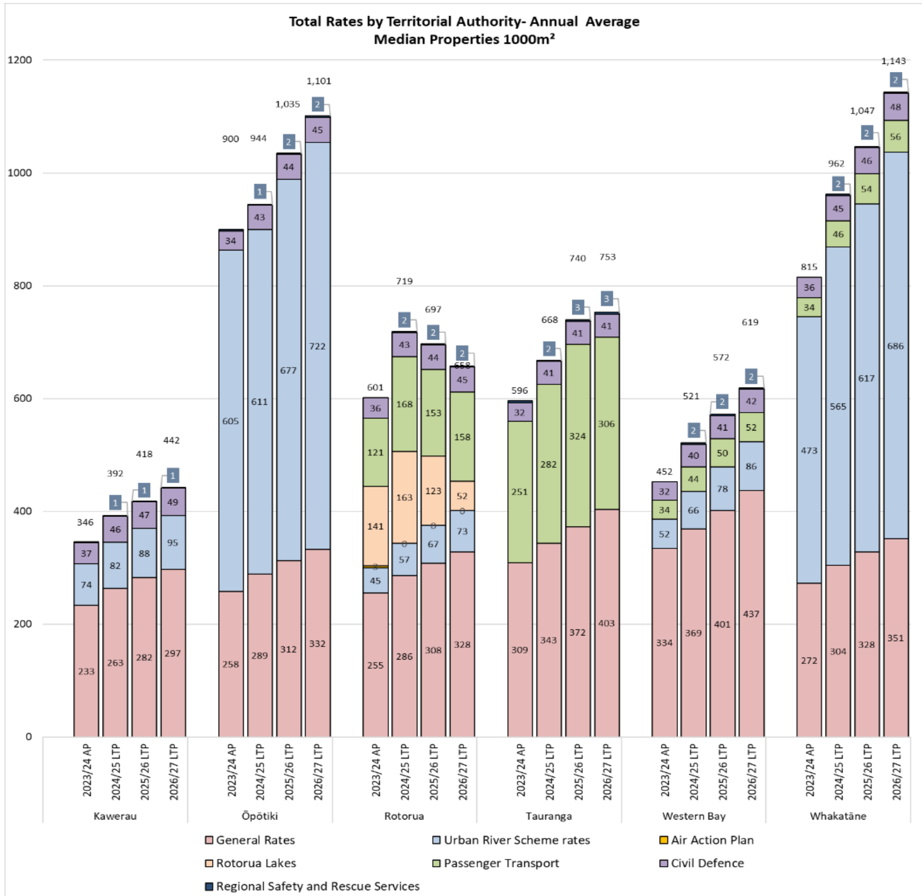
Fees and Charges Council seeks to have those that benefit directly from a service to pay the costs of provision. This is primarily used for items like resource consents, compliance monitoring, transport and moorings. Council receives a similar percentage of its operating income from fees and charges as other regional councils.

Rates Rates are the last tool that Council considers to fund services. Rates can be kept low in the short term through the use of reserves or by increasing dividend payments from Quayside. However, using reserves can cause large increases in the future and risks the overall financial sustainability of Council.

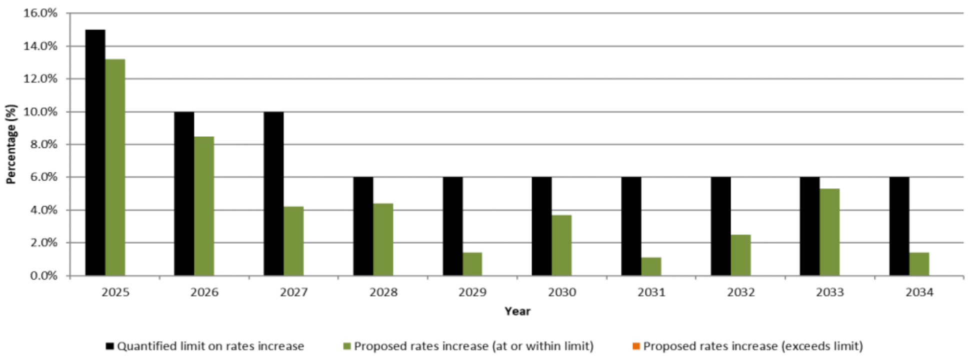
We have reviewed all funding sources for equity and fairness and have proposed to:

- Increase most of our regulatory fees and charges so that these provide a higher proportion of the cost of these services. This has a corresponding decrease in general rates.
- Increase general rates funding for some activities including Passenger Transport, Rotorua Lakes Catchment and Rotorua Air quality. This has corresponding decreases in targeted rates. The changes for the Rotorua Lakes Catchment are being phased in over several years to avoid large one-off changes.

The proposed breakdown of our rates for median properties in each district is shown below. Our rates are based on land value, land area and location. There are no proposed changes to our rating system other than those discussed as consultation topics.



We propose setting limits on our total rates increases as shown below. These limits allow some contingency above our forecast rates increases in case of increased costs or level of service requirements.



As part of our rates forecasts, we expect our rating base to grow by approximately 1.25% per annum.

Using financial reserves where appropriate

Our financial management has meant that we have accumulated financial reserves.

We have three main reserves: the Regional Fund, which is available as an alternative funding source, the Toi Moana Fund which is available for long term investment, and the Asset Replacement Reserve which can be used for capital funding or repaying borrowings. We also have reserves which can only be used for specific activities (eg: flood repair reserves funded by targeted rates). Until these reserves are required to fund expenditure, our aim is to optimise our investment returns which we will continue to use to help reduce our rates.

Over the next three years, we plan to use some of our accumulated reserves to smooth rates increases. As a result of cost pressures and decisions in the last LTP to use reserves to reduce rates over the past three years due to the economic impacts of COVID 19, Council is faced with potentially very large one-off rates increases. Council has reserve funds available that can be used to smooth the impact of these increases. This means that Council is proposing to set consistent rates increases for the next three years to achieve a balanced budget and repay reserve funds that were used for rates smoothing.

We intend to replenish the Regional Fund over the later years of this Long Term Plan. We have currently budgeted to increase this fund to $50 million. The purpose of the Regional Fund is to fund infrastructure and projects with long-lasting benefits., which will allow us to consider supporting new projects that benefit the region in the future. In the past, the Regional Fund has contributed to projects like the Opotiki Harbour Development, University of Waikato Tauranga Campus, Tauranga Marine Precinct, Awatarariki Fanhead Managed Retreat and various sewerage schemes.

We intend to hold our $70 million investment in the Toi Moana Trust for the long term and continue to use the dividend from this to reduce rates. We also budget to accumulate reserves to fund asset replacements and/or repay borrowing in the future.

Diversifying our investments in Quayside Holdings and growing dividends

We receive an annual dividend from Quayside each year, which we use to reduce the amount we need to collect through general rates. This ensures that our communities benefit directly from our investments. Quayside has been achieving stronger profit growth for several years and has retained a portion of its profits for future regional investment.

Council has proposed allowing Quayside to sell some of the shares in the Port of Tauranga to diversify its investments. We will still hold a large stake in the Port of Tauranga as the cornerstone of our investment portfolio. This is discussed further as a specific consultation topic.

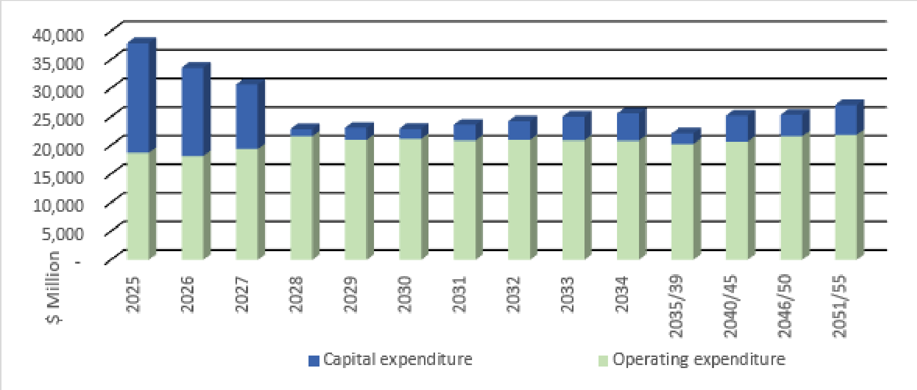
Quayside issued $200 million of perpetual preference shares in 2008. The proposal to diversify Quayside's investments could require Quayside to use part of the proceeds to redeem these shares, this which would reduce Quayside's costs.

Council has also forecast to receive an average of $3.5m, per annum of distributions from Toi Moana Trust which is a $70 million investment managed by Quayside on behalf of Council.

Maintaining our ability to borrow

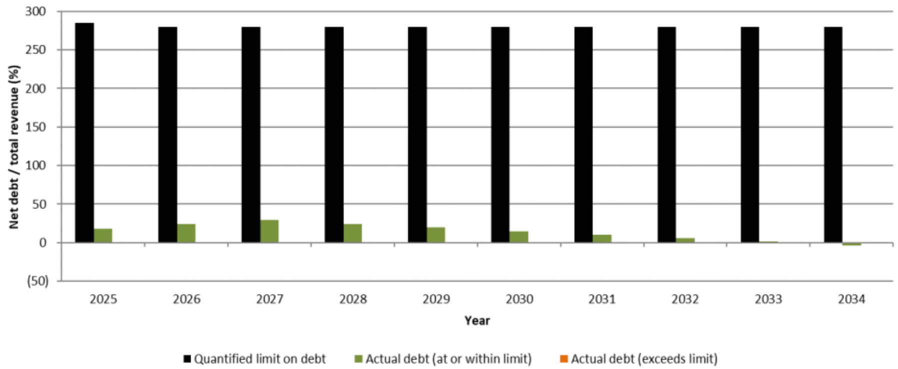
Council is currently benefitting from low fixed interest rates on most of its borrowing. We do need to borrow more to fund our capital expenditure for the next three years, but plan to gradually reduce our borrowing after that.

Between 2024 and 2054, we expect to spend $135 million on new or replacement structures in our flood protection and control schemes (capital expenditure) and $712 million on maintenance, repairs, analysis and modelling (operational expenditure). In recent years, there has been significant investment in flood protection and control assets, which has front-loaded the capital works programme, meaning less investment is needed in the latter part of the Long Term Plan. The graph below shows this expenditure requirement for the next 30 years.



We borrow and on-lend to Quayside as this minimises the interest cost for the Council Group. Quayside currently has $50 million of on-lending for general purposes and a facility for up to $100 million to finance industrial development at Rangiuru, which will be repaid as parts of the Rangiuru development are sold.

Council is well within its prudential borrowing limits which sets a cap on net borrowing (after subtracting liquid investments) as a percentage of revenue. Our projected net borrowing limit is shown which gives us borrowing headroom to respond to unforeseen requirements and/or respond to major events.



Council currently borrows exclusively from the Local Government Funding Agency Limited (LGFA), and this borrowing is secured through Council's shareholding in the LGFA and against future rates revenue.

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Infrastructure Strategy Te Rautaki Hanganga

Purpose

The purpose of the Infrastructure Strategy document is to highlight to Council the issues and implications that Council faces over the next 30 years with regard to flood protection and control works, as required by the Local Government Act (2002). The Infrastructure Strategy for the Bay of Plenty Regional Council (BOPRC) must include assets for flood protection and control works, and Council may at its discretion include other assets.

Capital and operating spend to meet the levels of service, as agreed with the community, for flood risk management is also included. It is based on the likely scenario of maintaining current flood flow protection as described in the Rivers and Drainage Asset Management Plan.

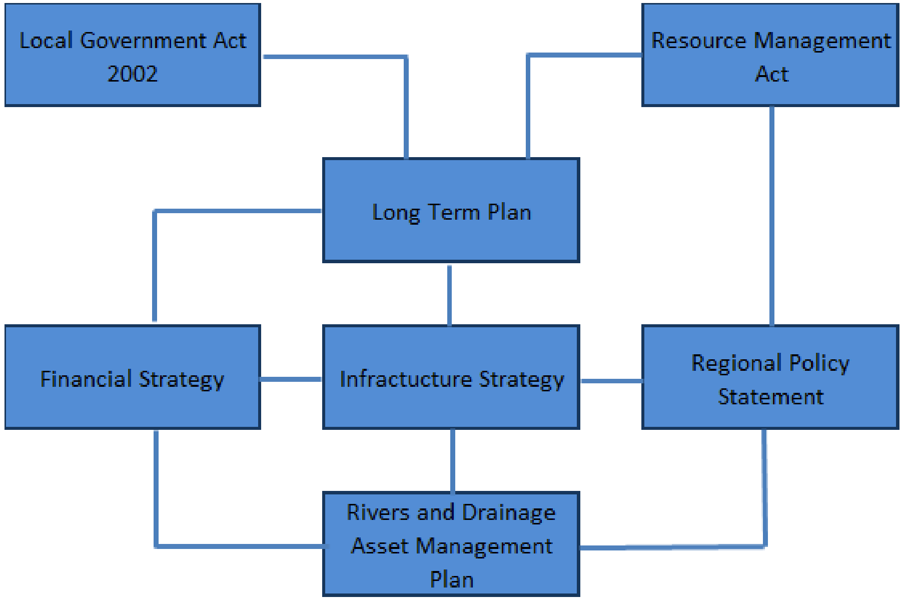
Flood Risk Management faces significant issues over the next 30 years; including sea level rise, more intense and more frequent storms, subsiding ground levels, low population growth in the east (where our schemes are based) leading to further affordability issues and stop banks that are geotechnically unstable during high and prolonged river flows.

The River Scheme Sustainability Project looks at flood mitigation using an integrated catchment wide approach that incorporates ecosystem, modern day solutions (including room for the river and nature-based solutions) and optioneering to create 100-year frameworks for each catchment. Planning, community engagement and delivery intends to transition towards this longer-term framework as can achieved.

The Infrastructure Strategy is aligned and linked to other key Council documents and strategies including the Financial Strategy, Regional Policy Statement and Rivers and Drainage Asset Management Plan (AMP). The Infrastructure Strategy is adopted as part of the Long Term Plan process.

Linkages to other Council documents

The Infrastructure Strategy has linkages to other key Council documents. A number of examples are discussed below.



Regional Policy Statement

The Bay of Plenty Regional Policy Statement (RPS) highlights a number of significant resource management issues broadly classified as follows:

- Air quality
- Coastal environment
- Energy and infrastructure
- Geothermal resources
- Integrated resource management
- Iwi resources management
- Matterson of national importance
- Urban and rural growth management
- Water quality and land use
- Water quality

A number of these issues are directly related to the Infrastructure Strategy and are discussed in this document. One example is the impact of climate change on infrastructure.

Financial Strategy

The Infrastructure Strategy and Financial Strategy are inter-related. The benefit of services, affordability and equity of rates are critical for the long term wellbeing of the community.

The 30 year financial projections of the Infrastructure Strategy have been integrated into financial models which in turn generate the reserve, borrowing and rating requirements.

The Revenue and Financing Policy describes the funding sources for flood mitigation. The schemes are funded through a combination of targeted and general rates.

Rivers and Drainage Asset Management Plan

The AMP has a 50 year timeframe and financial projection. The Infrastructure Strategy has made use of the current Rivers and Drainage AMP to assist with forecasting future asset requirements and costs.

Service levels in the AMP are in the form of %AEP. These are assessed using 10-15year rolling capacity reviews that incorporate climate change effects.

Any resulting deficiencies in achieving the service levels are then assessed for remediation.

The AMP identifies critical assets. These are defined as:

"Assets that have a high consequence of failure, but not necessarily a high probability of failure."

Quantifying consequence of failure is the key element in determining critical flood protection assets. The consequence criteria that qualifies a Council flood protection asset as 'critical' are assets that:

- Provide direct flood protection to urban environments where large groups of people live in a concentrated manner, i.e. towns, not rural type subdivisions.
- Provide direct flood protection to regionally significant infrastructure.

The asset type identified as having a high consequence of failure was stopbanks. Stopbank lengths identified include the associated assets that form part of the stopbank e.g. a floodgate within a stopbank, floodwalls, important fixed point assets (e.g. diversion structure), culvert within stopbank and rockwork protecting a stopbank.

Context

Assets included in the Infrastructure Strategy

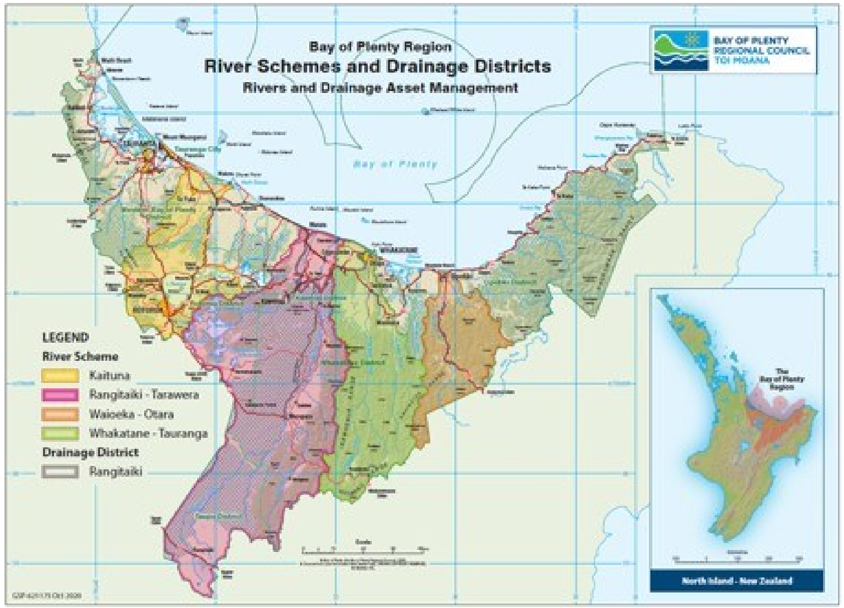
The Local Government Act (2002) requires that the Infrastructure Strategy for BOPRC must include assets for flood protection and control works and Council may at its discretion include other assets.

For this 2024-2054 Infrastructure Strategy Council has opted not to include other assets due to the maturity of the other respective AMP's and the nature of the assets. It is anticipated that the Lakes Assets, largely for water quality purposes, would form part of following Infrastructure Strategies. Regional Parks, Maritime Assets and Property assets are not envisaged to be included in future Infrastructure Strategies.

Consequently, this strategy deals with assets only associated with flood protection and control works, as per our AMP. Assets providing flood protection have a value of $438 million (Optimised Replacement Depreciated Cost or ORDC), comprising over 80% of BOPRC's assets.

Flood Protection and Control Works

The flood protection and control works encompass five separate river and drainage schemes within the Bay of Plenty region (shown in the figure below).



Major Rivers and Drainage schemes within the regional boundaries of BOPRC include:

- Kaituna Catchment Control Scheme
- Rangitaiki-Tarawera Rivers Scheme
- Whakatane-Tauranga Rivers scheme
- Waioeka-Otara Rivers Scheme
- Rangitaiki Drainage Scheme

In general, the flood protection and control works has a level of service of 1% AEP in the lower reaches of each river or control scheme (which encompass the critical assets). Lesser levels of service exist above this as protection is to non-critical rural areas.

The Rangitaiki Drainage Scheme and the drainage components of the other schemes are typically provided with a 20% AEP protection.

Key asset information of the high-value assets is shown below.

There are no planned disposal of assets over the next 30 years.

The critical assets, as identified in the AMP, are the stop banks that protect the towns and industrial areas of Edgecumbe, Whakatāne, Ōpōtiki and Rotorua; as well as the control gates and stoplogs for controlling the water quality and flow out of the Rotorua and Rotoiti lakes.

Asset	Value (ODRC)	Quantity	Average condition
Waterways	$21 million	498 km	TBC
Stopbanks	$273 million	382 km	Good Sub surface TBC
Erosion protection	$109 million	482 km	Good
Pump Stations	$8 million	15	Good
Structures	$11 million	597	Good

Note:

1. Stopbanks Sub-surface - BOPRC is undertaking geotechnical investigations of its stopbank assets. Three river schemes have had identified priority areas investigated. The fourth is underway.
2. Stopbank Condition Assessments – Assessments have been completed on all BOPRC managed stopbanks across the Bay of Plenty using national best practice methodology. The programme of condition assessments will continue into the future based on timings prescribed in the Rivers and Drainage AMP. Defects identified are programmed for remediation with critical asset area defects prioritized over non-critical asset areas.
3. Waterways - This description covers drains and canals. Waterways are not part of the asset condition assessment programme but are inspected annually and maintained in accordance with the Rivers and Drainage AMP.

Geographic context

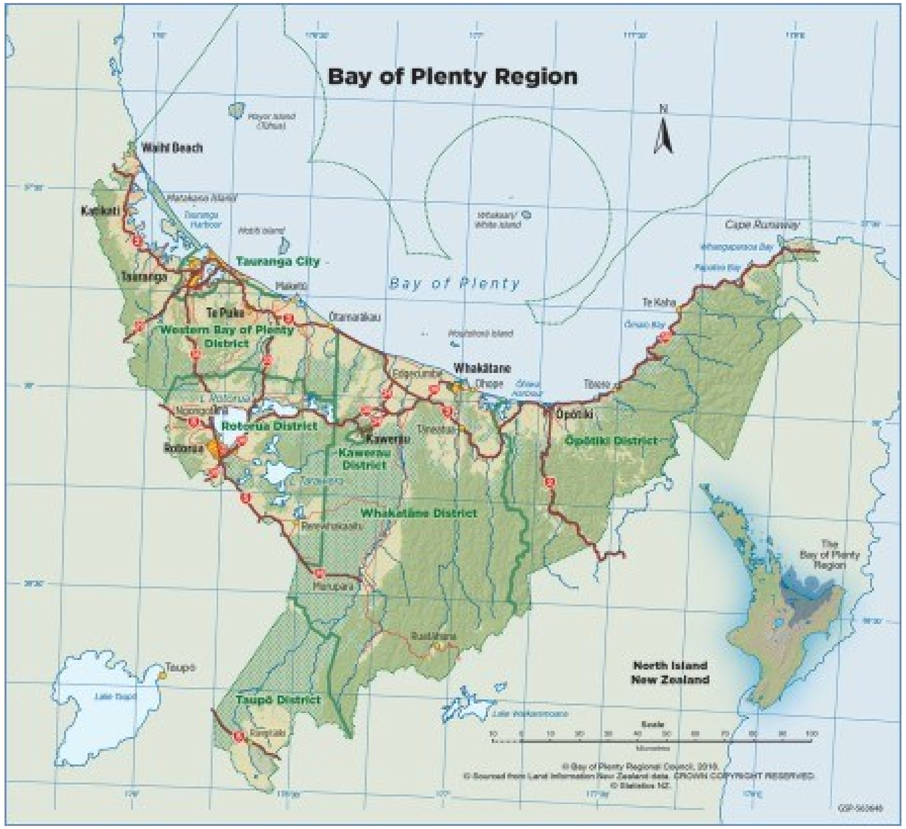
The Bay of Plenty is located on the east coast of the North Island of New Zealand. The region incorporates the full extent of the coastline from Cape Runaway in the east, to Waihī Beach in the west. It captures the coastal City of Tauranga, the township of Whakatāne and the inland city of Rotorua.

On the landward side, the region is mostly bounded by the watersheds of the catchments that flow into the Bay of Plenty; this includes the lakes in the Rotorua District.

The region includes 18 offshore islands including the volcanically active White Island, and the sea extending out to the 12 nautical mile boundary.

The area of the region is 21,740 square kilometers, comprising 12,231 square kilometers of land and 9,509 square kilometers of Coastal Marine Area.

Demographic context



Source: Stats NZ population projections (updated Feb 2024), Census update due May 2024

The data presented below is the most up to date data to hand. It encompasses an assessment for the 25 year period from 2023-2048 based on data from Statistics NZ. While data doesn't correspond exactly with the term of this infrastructure strategy it still indicates population trends for the Bay of Plenty Region.

The Bay of Plenty area consists of a number Territorial Local Authority (TLA) areas. Future population growth has been assessed for all TLAs in the Bay of Plenty Region. Projections to 2048 for each area are summarised below.

- There is a projected increase over the region in population of over 64,600 people (a 18% increase).
- The majority of this growth in the Bay of Plenty Region is projected to occur in Tauranga City and the surrounding Western Bay of Plenty District. This is mostly due to very strong inwards migration to the western sub-region.
- Assuming current trends continue, the population in the Western Bay of Plenty District is projected to grow from 61,000 in 2023 to around 73,900 in 2048 (+21%).
- The population of Tauranga City is projected to grow from 161,300 in 2023 to around 207,400 in 2048 (+29%).
- The population of Rotorua District is projected to grow slightly from 77,000 in 2023 to 82,200 by 2048 (+7%).
- The population of the Whakatāne Districts projected to remain stable with minimal growth from 38,500 in 2023 to 39,100 in 2048.
- Projections for Kawerau District are projected to remain stable with a small decline from 7,900 in 2023 and a projected 7,620 in 2048
- The Ōpōtiki District is projected to remain stable with 10,650 in 2023, increasing slightly to 11,050 in 2048.

The population trends are important for flood management because:

(a) Three of the river schemes are in areas projected to have low population growth for much of the scheme life with asset maintenance occurring at a time the New Zealand Treasury warns of very tight conditions. Thus affordability will likely become an issue in the future if cost repayments of infrastructure exceed the ability to pay.

(b) The risk profile for the region will change as population and investment focus shifts. Thus the need for particular levels of service in some areas may need to change to reflect their changing circumstances.

(c) The high growth areas in the west, that span multiple Council and stakeholder boundaries, require fit-for-purpose flood risk management policy and planning approaches. A number of these areas already suffer from multimillion dollar flood damage and high sediment run-off into Tauranga Harbour and it is imperative that Council collaborates with its partner stakeholders to ensure sustainable integrated catchment plans are in place.

Climate change context

The RPS recognises that provision needs to be made for the effects of climate change in natural hazard risk assessment. It promotes that authoritative up-to-date projections of changes in sea level, rainfall, temperature, and storm frequency and severity will be used as updated scientific data becomes available. A table summarizing projections for the Bay of Plenty Region has been added at the end of this document.

The RPS requires the effects of climate change to be taken account in natural hazard risk assessment and provides minimum sea-level rise projections of:

- 0.6m for relocatable activities/development 0.9m where future adaptation options are limited
- an additional sea-level rise of 10mm per annum for activities with life spans beyond 2112

The Ministry for the Environment (MfE) produced guidance on Coastal Hazards and Climate Change Guidelines for local government in December 2017. BOPRC has consequently produced its own guidance document, based on the MfE guidance, that supersedes the RPS projections stated above.

Hence, the sea level rise projections used by BOPRC for the next 10 years are as follows:

- 1.6m for Greenfield developments and new significant infrastructure (RCP 8.5+)
- 1.25m for Brownfield development (RCP 8.5) 0.83m for relocatable buildings

NIWA have meanwhile produced a new version of “High Intensity Rainfall Design System Version 4” that incorporates the current predictions of climate change. BOPRC has adopted this version and use it for all of its assessment work.

For all capital works, a provision is made in the design of the asset for the predicted impacts of climate change. For stopbank capacity review and rehabilitation design work, the climate change provision allowed provides for any increase in flood loading forecasted until the next round of capacity review is due. For all major river schemes this occurs every 10 years, and for the upper Kaituna streams, every 15 years. For all other assets, design accounts for expected climate change variances for the term of the assets expected life.

The above philosophy is essentially a dynamic adaptive pathway. BOPRC may alter its flood protection approach in-line with the River Scheme Sustainability project recommendations.

Significant infrastructure issues

The following table summaries' the significant infrastructure issues facing the BOPRC, possible responses to those issues and the implications of taking or not taking the action proposed by the response.

The risk management processes used by the BOPRC are consistent with Australian/New Zealand Standard AS/NZ 4360 which defines risk assessment and management.

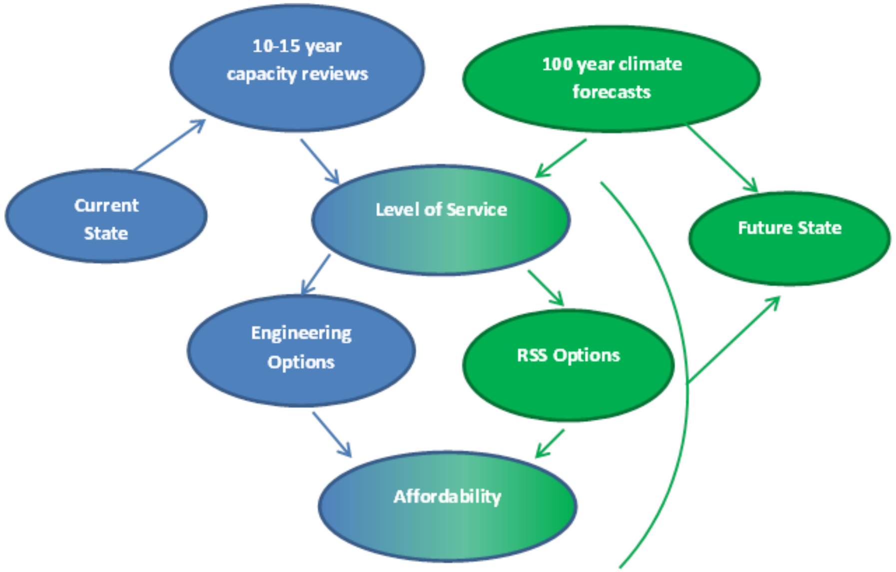
Issues	Options	Implications
Climate change • Sea level rise and increased intensity and frequency of storm events	• Incrementally increase the capacity of assets (by raising levels of stopbanks over time) to meet anticipated climate • Increase pumping capacity to maintain drainage level of service • Use River Scheme Sustainability Project outcomes, incorporating whole of catchment planning, to look at alternative sustainable outcomes using a 100 year vision. • Planned relocation	• Significant cost when stopbanks have to be redesigned and constructed when geotechnical integrity is compromised due to greater hydrostatic loads • Increased mass of the raised stopbanks settle over time as are generally founded on compressible material • Land purchase or compensations required as more land is required for the infrastructure • A point is reached where it is no longer feasible to raise the stopbank levels. This could be for geotechnical or economic reasons • Increasing residual risk • Significant cost when pump stations have to be upsized or constructed to pump higher heads • Increased pumping run times as sea level effects low lying areas or rivers or stream level are elevated for longer • Solutions could include over 30 different structural and non-structural options, which could include the use of wetland and preferentially floodable areas (multiple use of assets). • Change in thinking that may not meet with approval from landowners and decision makers • Large areas of farmland potentially converted to other uses • Some options will likely have a prolonged consenting process • The public works act may be needed to procure land • Long term work programmes need to be developed to ensure land purchases, or similar, are signalled well in advance

Issues	Options	Implications
		• Flexibility is required to implement a suite of options that together create an enhanced and affordable flood mitigation paradigm • Reluctance to relocate • Where to relocate to • High cost of relocation and determination of who pays.
• **Residual Risk** • Failure of flood protection systems may impact on communities' affordability	• Educate the public on residual risk and encourage resilience measures • Update flood maps, including breach scenarios , and encourage TLAs to update District plans and LIM reports	• Increased costs to property owners in order to improve resilience: eg insurance, water proofing raising floor levels • Property valuations may be affected • Re-run models to include residual risk in the form of breach analysis (underway) • Some properties may be identified as flood prone that were not previously • Negative response from landowners
• **Affordability** • The cost of maintaining the river schemes will be affected by climate change. This will mean increased pumping, insurance, maintenance and construction costs • Low population growth will also affect affordability as costs are likely to increase faster than population	• Reductions in levels of service • Planned relocation • Use River Scheme Sustainability project outcomes, incorporating whole of catchment planning, to look at alternative sustainable outcomes using a 100 year vision	• Community may not accept reduction in levels of service • Insurance cost increases as a result of increasing risk • Major decision to be made if planned relocation affects a large amount of properties • Complicated planning exercise Implications as per climate change issues
• **Flood events greater than design** • cause overtopping of stop banks and widespread inundation behind the stop banks)	• Use models to understand the level of destruction for over design events • Design for overtopping at predetermined locations to ensure best protection for community i.e. rural locations	• Flood damage will create a significant financial and indirect burden on the rate payer and central government • Flood management and emergency management plans will become operative • Landowner resistance to having overtopping on their property
Levels of service	• Reduction in level of service	• Refer affordability implications
Population growth or decline • Likely decline of population/households within the scheme areas. • Uncertainty of population change,	• Reduction in level of service • Use River Scheme Sustainability Project outcomes • Design for uncertainty with modular	• Refer affordability implications • Flexibility is required to implement a suite of options that together create an enhanced and affordable flood mitigation paradigm

Issues	Options	Implications
settlement trends long-term. • Growth in Tauranga may result in demand to build in flood prone areas.	solutions of delayed investment • Develop agreed region wide settlement • Provide flood management and engineering services advice to reduce flood risk • Develop 100 year action plans	• Potential for costs to be greater if growth occurs when it was not expected • Community reluctance – perceived impact on land values • Ensure that TLAs and BOPRC manage catchments in a holistic manner • Failure to understand whole of catchment solutions will result in an escalation of flood damage and possible loss of life, along with environmental degradation and property damage
• **Geotechnical issues** • Tectonic subsidence and ground shrinkage in floodplains. Ground levels are expected to drop by around 1 metre over the next 100 years in some floodplains. • Geotechnical condition of existing stop bank • Earthquakes cause damage to flood protection infrastructure	• Engineering options will review the best ways to manage lower ground levels, higher pumping heads and greater hydrostatic loads on stopbanks • Upgrade stopbanks • Accept risk and repair if necessary • Upgrade earthquake protection on all assets	• High costs of retrofitting existing infrastructure • Expensive structural and/or pressure relief solutions • Potential high cost of repair • Consideration of earthquake standards in new designs • Upgrading all assets is likely to be cost prohibitive
• **Land use charges** • Increased urban development or concerting bush/forest into farmland will increase stormwater runoff • greater hydrostatic loads on stopbanks	• Control increased run off using development measures: e.g. onside detention • Increase scheme capacity to account for increased runoff • Restrict or prevent land conversions	• Increased development costs • Political pressure due to economic development policy • High cost of scheme upgrades • May need policy changes at a regional or national level to achieve • Resistance from property owners • Trigger levels will be identified to determine when to migrate to towards an alternative fit for purpose solution that may, for example, result in different land use practices

Rivers Scheme Sustainability

The high costs of repairing damage to the region's river schemes after the 2004, 2010, 2011 and 2017 floods has raised questions around whether the current levels of service, scheme management and growing scheme funding requirements are sustainable into the future.



The River Scheme Sustainability (RSS) Project is considering the long term risks of the flooding hazard. The project work includes reviewing the current levels of flood protection provided by the schemes, determining the economic value added by the schemes, assessing the affordability of the schemes, assessing flood risk and the level of community acceptance to different levels of flood risk, as well as their willingness to pay for flood protection. The project will also consider the appropriate timing for any rating reviews that may be required.

Flood management options in the longer term may be different to the hard engineering capital intensive structural solutions that are currently the core components of the schemes. Structural, non-structural and other alternative solutions, for example room for the river and nature-based solutions, have been identified for some of the river schemes and are being evaluated to enable a truly sustainable strategy.

Current status of the RSS in each catchment are as follows:

1) Rangitaiki Tarawera River Scheme
   - Mitigation options proposed and discussed with community
   - Dynamic pathways approach adopted
2) Whakatane Tauranga Rivers scheme
   - Concept mitigation options proposed (dynamic pathways)
   - Engagement with Iwi/hapu, stakeholders commenced
   - Engagement with Community to follow
3) Waioeka Otara Rivers Scheme
   - Engagement with Iwi/Hapu, stakeholders underway
   - Preferred options being assessed with Iwi/Hapu and stakeholders
4) Kaituna Catchment Control Scheme
   - Yet to be formally commenced but RSS activities are underway in some areas

The 100-year frameworks for each catchment will enable both the regional council and local councils, with their stakeholders, to move to a restorative position for each catchment which will most probably include a combination of hard and alternative flood mitigation solutions.

Once adopted they will become the new standard level of service for flood management across the region and incorporated into future infrastructure strategies and AMPs.

Infrastructure Strategy Investment Programme

The issues, options and implications highlight the significant infrastructure issues that require an investment programme to manage the risks. The current programme utilises the AMP and other projects such as the River Scheme Sustainability Project. The following explains how the AMP and other projects generate the programme.

Basis of Capital Works Programme

Condition Assessments (Renewals)

BOPRC undertakes periodic condition assessments of its assets. Critical assets are assessed more frequently than non-critical assets. Different assets may have different condition assessments depending on their construction. For example, concrete structures are assessed every three years while erosion of riverbanks is at a minimum of six monthly or following a greater than twenty-year storm event. The stopbanks are currently being assessed using a priority system whereby reported problem locations are being investigated first followed by other critical locations. The assessments may lead to a recommendation to replace or remediate the asset.

Capacity Reviews (Level of Service)

Capacity reviews are needed to assess whether the infrastructure is still providing the agreed level of service. Capacity reviews are undertaken every ten years for the major schemes and every fifteen years for the Rotorua streams. The capacity reviews take into account projected changes in rainfall intensity (refer Climate Change Context), changes in river or stream profile, rainfall runoff and changes in river or stream roughness.

If deficiencies are highlighted then designs and estimates are produced to return the scheme back to its agreed level of service.

Scheme Changes (Growth)

In response to growth, in the form of additional development, the scheme boundaries or capacity may need to be increased. Needs are assessed using the capacity reviews.

Again, designs and estimates are produced to provide the agreed level of service.

Note: BOPRC guidelines ask for developers to restrict the increased runoff from development to less than the pre-development state. Unfortunately, due to legislative shortcomings this cannot always be achieved.

Longer Term Provisions (Renewals and Level of Service)

The afore mentioned explanations generally feed into the capital works programme in the immediate years (1-3) of the Infrastructure Strategy and AMP. The remaining years rely upon the AMP to predict when an asset needs replacement or major remedial work. Timing is dependent on the expected life of each asset or the capacity reviews. Examples:

Flood protection - Allowance is made every ten years to upgrade flood protection to account for climate change using long range forecasts. Also included is an allowance to account for settlement of stopbanks at a rate of 6% of the total volume of that schemes stopbanks.

Pump Stations - Allowance is made to replace components within the pump stations at regular intervals while the pump station itself is programmed to be replaced every seventy years.

Placeholders (Renewals)

Periodically there becomes a need to place items in the capital programme as a place holder until more detailed assessment can occur.

Basis of Maintenance and Operations Costs

The operations and maintenance strategy essentially focuses on maintaining the level of service for the term of the expected life span of an asset in a cost-effective manner. To achieve this, the right balance between routine planned and reactive maintenance is required so that assets are managed optimally in terms of functionality and cost. The asset management plan aims to deliver the optimal balance between planned and reactive maintenance work while maintaining levels of service.

The costs to maintain the assets in accordance with the above are based on historic costs with additions as new assets are created.

Note: All of the above explanations could be affected by the outcomes of the River Scheme Sustainability Project as outlined earlier.

Level of Uncertainty

Given the above explanations the following table indicates the level of uncertainty for each type of capital item.

Source	Type	Level of Uncertainty
Condition assessments	Renewal	Low
Capacity Reviews	Level of Service	High
Scheme Changes	Growth	Medium
Longer Term Provisions	Renewal land Level of Service	High
Placeholders	Renewal	High
Maintenance and Operations	Maintenance and Operations	Low

River Scheme Advisory Groups and Council

The River Scheme Advisory Groups are key bodies to determine the appropriate level of service as their members gain the main benefit and pay most of the costs of the Schemes.

Council are the decision makers and will decide ultimately whether to endorse recommendations made to them by Council Staff and the Advisory Groups.

Infrastructure Strategy Investment Programme Assumptions

The Infrastructure Strategy Investment Programme is based on the following assumptions:

- The AMP has been used as the primary source of capital infrastructure and operational costs.
- There is no planned disposal of assets or planned deferred expenditure.
- Expenditure figures are based on maintaining the current levels of service
- Asset lifecycle costs are based on useful remaining lives, condition assessments (where completed) and risks consistent with the International Infrastructure Management Manual.
- Geotechnical investigations do not result in significant rebuilds of stopbanking
- The last remaining April 2017 flood event repairs have been included using the initial estimates undertaken in 2017.
- Development is controlled so that it does not affect the schemes capacity Placeholder provisions will be updated once more information is known Maintenance costs and some other operational costs are identical for each
- year, based on the assumption that most capital works replace like with like and
- there will be limited new infrastructure that does not replace infrastructure already maintained. The current figures are generated by the AMP model to create annualised figures to create a smoothing for rates.
- Allowance has been made for a 1-in-5 year and 1-in-10year flood damage repair costs throughout the 30 years within the maintenance and operational costs. The capital costs include costs of 15% for engineering and project management, 20% for resource consents and 30% contingencies.
- Future improvements to the AMP model will allow for improved forecasting of operational costs based on the Renewal and Asset Programme, area serviced and other system influences such as the beneficial influences of programmes like the River Scheme Sustainability Project

Total expenditure

In addressing the issues identified in the previous section of this strategy, BOPRC expects to spend $135 million on new or replacement infrastructure in our Rivers and Drainage Schemes, between 2024 and 2054 (30 years). Over the same period, $712 million is expected to be spent on operations which include maintenance, insurance, limited flood damage repairs, engineering analysis and modelling, and loan repayments in our Rivers and Drainage schemes.

Infrastructure activity	Capital expenditure	Operational expenditure
River Scheme Management	$135 million	$712 million

Significant Capital Work Deliverability Risks

The risks for the Regional Council's capital work program would include the potential fallout from major flooding events. Should such a disaster unfold, priorities could swiftly shift, necessitating rapid resource reallocation to effectively address emergent needs. In this dynamic operational landscape, agile decision-making and resource management become paramount to ensure uninterrupted delivery of essential flood protection services to the community.

Furthermore, international supply chain challenges further underscore the vulnerability of the council's capital projects to disruptions. The Council is taking proactive steps to mitigate these risks. By stockpiling essential resources, it aims to minimise the impact of potential disruptions in the international supply chain. Additionally, the Council has prudently aligned the capital expenditure for Year 1 of the Long-Term Plan to levels achieved on average in recent years. This strategic approach ensures resilience and stability in infrastructure investments.

Capital expenditure highlights

Table 1 shows the expected year on year expenditure up to 2034 and then takes an average spend over five year blocks up to 2054. The following graph also includes the operational expenditure to show how expenditure is dominated by operational requirements.

- Example key capital projects include:
- Replacement of the Ford Road Pump Station and adjacent stop banking on the Kaituna Scheme
- New pump station covering drainage area downstream of Te Puke
- Ngongotaha Stream Mitigation
- Tarawera River Stopbanking Upgrades
- Whakatane Urban Flood Protection
- Waioeka Otara Stopbank Upgrades
- Kaituna Canals Stopbank Upgrades
- Rangitaiki River Stopbank Upgrades
- Rangitaiki Drainage Scheme Stopbank Upgrades
- Whakatane Canal Stopbank Upgrades

Figure 1: BOPRC Flood Protection and Control Summary of Capital and Operations Expenditure 2024-2054

Note: $ figures in year 2035-2055 are averaged annual planned expenditure for each respective 5 years period.

River Scheme Forecast Expenditure over 30 years

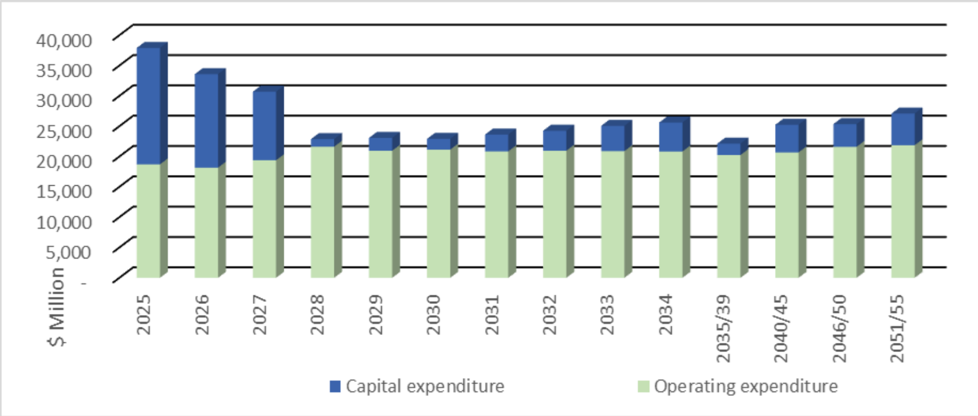


Table 1: BOPRC Flood Protection and Control Detailed Operational Expenditure 2024-2054

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035/39	2040/45	2046/50	2051/55
INFLATED	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Operating expenditure by AMP category														
Maintenance and operating costs	5,424	5,514	5,627	5,730	5,835	5,939	6,038	6,144	6,263	6,235	52,039	44,922	46,071	47,590
Flood event	1,202	-	-	1,689	744	601	-	-	-	-	8,179	5,645	6,608	4,877
Disaster Insurance	1,264	1,412	1,583	1,772	1,983	2,219	2,480	2,521	2,562	2,540	22,511	28,647	32,819	41,244
Internal interest	3,934	4,014	4,563	4,557	4,327	4,100	3,868	3,639	3,433	3,253	4,520	5,132	5,723	6,393
Depreciation	2,298	2,414	2,544	2,661	2,761	2,860	2,945	3,011	2,991	3,075	10,067	10,640	10,980	11,320
Overheads	4,586	4,811	5,068	5,208	5,310	5,425	5,527	5,646	5,640	5,733	23,727	25,291	26,342	27,392
Total expenditure	**18,708**	**18,166**	**19,386**	**21,617**	**20,960**	**21,143**	**20,858**	**20,960**	**20,889**	**20,836**	**121,044**	**120,278**	**128,542**	**138,815**

											Average			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035/39	2040/45	2046/50	2051/55
Operating expenditure	18,708	18,166	19,386	21,617	20,960	21,143	20,858	20,960	20,889	20,836	20,249	20,677	21,603	21,868
Capital expenditure	19,206	15,424	11,310	1,252	2,114	1,772	2,769	3,294	4,173	4,779	1,881	4,567	3,751	5,216

Major Flood Control Capital Works Programme summary

Major new flood control infrastructure projects (defined as being $500,000 or more of capital expenditure in the AMP) that are expected to be undertaken in the 2024-2054 period are shown in the table below. The entries marked with a * are placeholder costs (as explained earlier). The estimated capital costs include inflation.

Major work	Project Cost $000	Timing	Type
Kaituna Catchment Control Scheme			
Ford Rd Pump Station Replacement	2289	2024/25	Renewal
* Ohineaangaangaa Stream Drop Structure Replacement	1032	2024/25	Renewal
* Ngongotaha Stream Mitigation	5660	2024/25 – 26/27	Renewal
Kaituna Canals Stopbank Upgrades	1065	2025/26	Renewal
Kaituna Canals Stopbank Upgrades	1000	2026/27	Renewal
Ford Road Pump Station Demolition	1800	2030/31	Demolish
Upper Kaituna Operations and Capacity Review	921	2034/35 – 2038/39	Renewal
Lower Kaituna Capacity Review and Renewals	4450	2034/35 – 2038/39	Renewal
Upper Kaituna Operations and Capacity Review	2246	2039/40 – 2043/44	Renewal
Upper Kaituna Operations and Capacity Review	2000	2044/45 – 2048/49	Renewal
Lower Kaituna Capacity Review and Renewals	4027	2044/45 – 2048/49	Renewal
Upper Kaituna Operations and Capacity Review	2521	2049/50 – 2053/54	Renewal
Ohau Canal structure	993	2029/30	Improvement
Structure renewals	1231	2033/34	Replacement

Major work	Project Cost $000	Timing	Type
Rangitāiki – Tarawera Rivers Scheme			
Tarawera Stopbank Upgrades	1238	2024/25	Renewal
Rangitaiki Stopbank Upgrades	1000	2024/25	Renewal
Rangitaiki Spillway	1819	2024/25	Renewal
*Rangitaiki Stopbank Upgrades	2000	2031/32	Renewal
*Tarawera Stopbank Upgrades	1000	2032/33	Renewal
Rangitaiki-Tarawera Capacity Review and Other	5187	2039/40 – 2043/44	Renewal
Rangitaiki-Tarawera Capacity Review and Other	4867	2049/50 – 2053/54	Renewal
Whakatāne – Tauranga Rivers Scheme			
Whakatane Project Future Proof	3042	2024/25	Renewal
SOS Project Stage 4	900	2024/25	Renewal
*Whakatane Canals Stopbank Upgrades	1551	2025/26	Renewal
Whakatane Trident Stopbank Upgrade	2530	2025/26	Renewal
Whakatane Project Future Proof	5744	2025/26	Renewal
Whakatane Project Future Proof	7146	2026/27	Renewal
Structure Renewals	963	2028/29	Renewal
*Whakatane Stopbank Upgrades	2000	2033/34	Renewal
Whakatane-Tauranga Capacity Review and Structural Renewals	2300	2039/40 – 2043/44	Renewal
Whakatane-Tauranga Capacity Review and Structural Renewals	2300	2049/50 – 2053/54	Renewal

Major work	Project Cost $000	Timing	Type
Rangitaiki Drainage Scheme			
Rangitaiki Drainage Scheme Stopbank Upgrades	1000	2025/26	Renewal
Rangitaiki Drainage Structure Renewal and Canal Stopbank	1500	2034/35 – 2038/39	Replacement/Renewal
Rangitaiki Drainage Structure Renewal and Canal Stopbank	500	2039/40 – 2043/44	Replacement/Renewal
Rangitaiki Drainage Structure Renewal and Canal Stopbank	1500	2044/45 – 2048/49	Replacement/Renewal
Rangitaiki Drainage Structure Renewal and Canal Stopbank	500	2049/50 – 2053/54	Replacement/Renewal
Waioeka-Otara Rivers Scheme			
*Waioeka-Otara Stopbank Upgrades	1713	2024/25	Renewal
*Waioeka-Otara Stopbank Upgrades	2000	2032/33	Renewal
Waioeka-Otara Capacity Review and Structure Renewals	3296	2039/40 – 2043/44	Renewal
Waioeka-Otara Capacity Review and Structure Renewals	4751	2049/50 – 2053/54	Renewal

Infrastructure strategy improvement plan

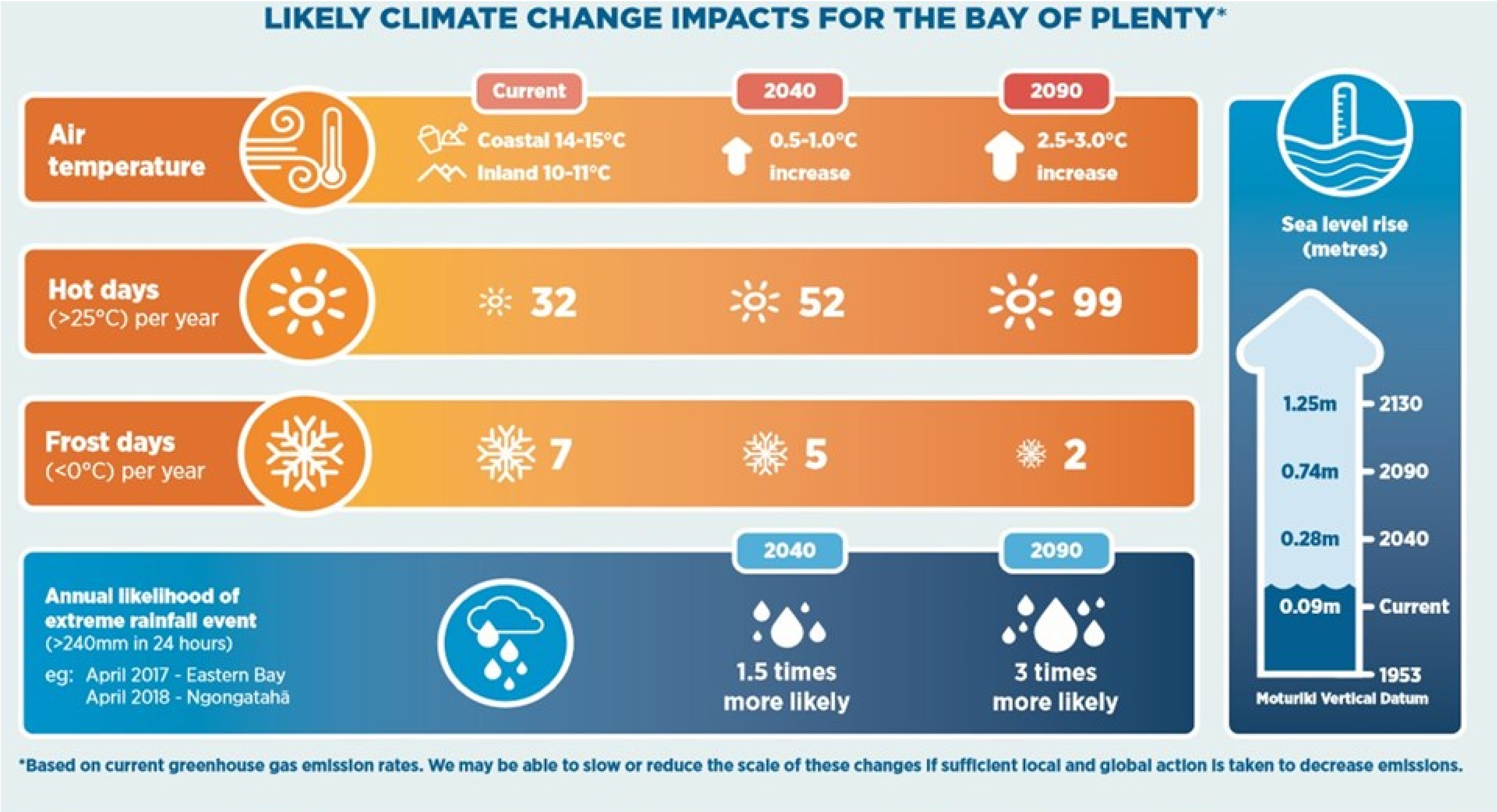
The Infrastructure Strategy is a live document and will develop as new information is incorporated. The improvement plan will consider:

(a) The results of the River Scheme Sustainability Project with its deliverable of 100 year integrated catchment frameworks,

(b) Climate change, earthquake, tectonic subsidence, and other natural hazards that could impact on flood infrastructure,

(c) Other key council projects and programmes.

Summary of likely Climate Change projections - Bay of Plenty



The data in this infographic is based on a report commissioned by Council and delivered by NIWA called 'Climate change projections and impacts for the Bay of Plenty Region - October 2019' this is available at: https://atlas.boprc.govt.nz/api/v1/edms/document/A3434328/content. In addition, the report relies on data from the Intergovernmental Panel on Climate Change IPCC 5th Assessment report, available at: https://www.ipcc.ch/report/ar5/syr/.

Prospective Financial Statements
Ngā Whakaaturanga Pūtea e Marohiatia Ana

Prospective statement of comprehensive revenue and expenses

Annual Plan 2023/24		Note	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Operating revenue											
40,247	General rates		45,839	50,195	54,976	55,486	56,187	56,491	56,689	58,564	60,793	62,174
39,108	Targeted rates		45,821	49,120	48,421	52,439	53,259	56,956	57,981	58,984	62,901	63,192
32,374	Subsidies and grants		31,100	30,045	29,467	34,540	35,407	39,693	40,977	43,455	47,027	47,905
12,157	Fees and charges		13,205	13,343	13,691	14,037	14,405	14,889	15,194	15,635	15,887	15,748
7,998	Finance income		9,927	9,037	6,867	5,604	5,145	5,355	5,591	5,833	6,055	6,269
48,600	Dividends		50,600	51,600	52,590	53,601	54,633	55,686	56,762	57,860	57,968	57,968
3,623	Other revenue		5,519	3,822	3,931	3,987	4,085	4,188	4,207	4,278	4,348	4,316
184,108	**Total operating revenue**	1	**202,011**	**207,162**	**209,944**	**219,693**	**223,121**	**233,260**	**237,401**	**244,609**	**254,980**	**257,572**
	Operating expenditure											
60,565	Personnel expenses		64,594	67,007	67,918	69,260	70,316	71,707	73,075	74,530	76,010	77,506
10,293	Depreciation and amortisation	3	9,666	10,067	9,668	9,955	10,172	9,788	8,974	8,988	8,956	9,082
10,453	Finance costs		14,109	14,085	13,279	12,332	11,607	11,506	11,448	11,363	11,218	11,093
104,105	Trading and other expenses		112,362	111,324	112,358	121,293	122,762	130,745	133,019	138,467	144,237	145,450
185,416	**Total operating expenditure**	1	**200,731**	**202,482**	**203,224**	**212,840**	**214,857**	**223,746**	**226,515**	**233,347**	**240,420**	**243,131**
(1,308)	**Net surplus before taxation**		**1,280**	**4,679**	**6,720**	**6,853**	**8,264**	**9,514**	**10,886**	**11,262**	**14,559**	**14,440**
-	**Income tax expense**		69	68	68	68	67	67	67	66	66	65
(1,308)	**Net surplus after taxation**		**1,211**	**4,611**	**6,652**	**6,785**	**8,197**	**9,447**	**10,819**	**11,195**	**14,494**	**14,375**

Prospective statement of comprehensive revenue and expenses *continued*

Annual Plan 2023/24		Note	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Other comprehensive revenue and expense											
-	Gain/(loss) on land and building revaluations		-	-	4,918	-	-	5,023	-	-	4,790	-
37,734	Gain on infrastructure asset revaluations		17,698	10,652	15,992	16,340	15,767	16,768	15,753	15,213	17,314	15,206
928	Gain on maritime asset revaluations		-	-	104	-	-	123	-	-	112	-
-	Financial assets at fair value through other comprehensive revenue and expense		173	133	162	159	163	166	163	174	178	175
38,662	**Total other comprehensive revenue and expense**		**17,871**	**10,785**	**21,175**	**16,499**	**15,930**	**22,081**	**15,917**	**15,388**	**22,394**	**15,381**
37,354	**Total comprehensive revenue and expense**		**19,151**	**15,464**	**27,896**	**23,351**	**24,194**	**31,595**	**26,802**	**26,649**	**36,953**	**29,821**

Prospective statement of changes in net assets/equity

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
562,518	**Balance at 1 July**		615,039	634,190	649,654	677,549	700,901	725,095	756,690	783,492	810,141	847,094
37,353	Total comprehensive revenue and expense previously reported		19,151	15,464	27,896	23,351	24,194	31,595	26,802	26,649	36,953	29,821
599,871	**Balance at 30 June**		**634,190**	**649,654**	**677,549**	**700,901**	**725,095**	**756,690**	**783,492**	**810,141**	**847,094**	**876,915**
	Total comprehensive revenue and expense attributable to:											
37,353	Equity holders of the parent		19,151	15,464	27,896	23,351	24,194	31,595	26,802	26,649	36,953	29,821

Prospective statement of financial position

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Current assets											
55,027	Cash and cash equivalents		34,301	39,351	45,040	39,665	37,688	46,563	55,249	63,465	74,058	83,980
25,377	Trade and other receivables		26,986	26,885	27,021	27,344	27,718	28,185	28,785	29,450	30,132	30,801
6,421	Other financial assets - current		6,957	7,098	7,269	20,973	31,145	31,322	31,495	31,679	31,868	32,053
555	Inventories		681	695	712	728	745	763	779	798	816	834
87,380	**Total current assets**		**68,924**	**74,029**	**80,042**	**88,710**	**97,296**	**106,832**	**116,308**	**125,392**	**136,874**	**147,668**
	Non-current assets											
133	Trade and other receivables - non-current		299	187	107	48	40	12	-	-	-	-
606,439	Property plant and equipment		666,513	695,889	734,107	749,704	764,794	785,245	800,883	816,468	840,869	857,626
5,963	Intangible assets		4,113	4,313	5,163	6,255	7,400	8,586	9,761	10,995	12,264	13,560
8	Investments in equity accounted associates		5	5	5	5	5	5	5	5	5	5
	Other financial assets:											
55	- Investment in other entities		50	50	50	50	50	50	50	50	50	50
83,482	- Investment in CCO's and other similar entities		84,534	85,004	85,420	84,422	84,415	84,380	84,343	84,301	84,283	84,235
120,000	- Loans to related parties (Quayside Holdings Limited)		150,000	150,000	150,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
-	Deferred tax assets		321	252	184	117	49	-	-	-	-	-
816,080	**Total non-current assets**		**905,835**	**935,699**	**975,037**	**950,602**	**966,755**	**988,279**	**1,005,043**	**1,021,819**	**1,047,472**	**1,065,477**
903,461	**Total assets**		**974,759**	**1,009,728**	**1,055,079**	**1,039,312**	**1,064,051**	**1,095,111**	**1,121,351**	**1,147,211**	**1,184,346**	**1,213,145**

Prospective statement of financial position *continued*

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Current liabilities											
15,123	Trade and other payables		19,482	19,877	20,357	20,829	21,312	21,806	22,291	22,808	23,337	23,855
5,872	Employee benefit liabilities		5,743	5,887	6,013	6,144	6,280	6,423	6,571	6,726	6,888	7,057
152,000	Borrowings – short term		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
-	Current tax		-	-	-	-	-	18	67	66	66	65
172,995	**Total current liabilities**		**125,225**	**125,764**	**126,370**	**126,973**	**127,593**	**128,247**	**128,929**	**129,600**	**130,291**	**130,977**
	Non-current liabilities											
6,569	Trade and other payables		6,957	7,098	7,270	7,438	7,611	7,787	7,960	8,145	8,334	8,519
1,426	Employee benefit liabilities – long term		1,613	1,635	1,665	1,703	1,741	1,779	1,817	1,858	1,899	1,939
120,000	Borrowings – long term		204,374	223,177	239,824	199,897	199,612	198,208	196,752	195,067	194,328	192,395
2,600	Put option		2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
130,595	**Total non-current liabilities**		**215,344**	**234,310**	**251,159**	**211,438**	**211,363**	**210,175**	**208,930**	**207,470**	**206,961**	**205,253**
303,591	**Total liabilities**		**340,569**	**360,074**	**377,529**	**338,411**	**338,956**	**338,421**	**337,859**	**337,070**	**337,251**	**336,230**
599,870	**Total net assets**		**634,190**	**649,654**	**677,550**	**700,901**	**725,095**	**756,690**	**783,492**	**810,141**	**847,095**	**876,915**

Prospective statement of financial position *continued*

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Equity											
210,931	Retained earnings		232,160	232,175	234,880	235,605	237,068	239,063	242,419	246,488	251,428	256,906
286,989	Asset revaluation reserve	2	310,346	321,131	342,307	358,805	374,735	396,816	412,733	428,121	450,514	465,895
17,757	Asset replacement reserves		4,100	5,404	5,717	7,629	9,055	10,819	12,608	14,351	15,951	17,699
72,048	General reserves		75,228	78,326	81,521	86,401	91,489	96,831	101,549	105,939	112,902	119,359
4,695	Targeted rates reserves		4,146	3,387	2,851	2,819	2,796	2,752	2,719	2,723	2,723	2,425
7,452	Restricted reserves		8,208	9,230	10,273	9,640	9,952	10,407	11,463	12,519	13,575	14,631
599,872	**Total equity**		**634,189**	**649,653**	**677,549**	**700,900**	**725,094**	**756,689**	**783,491**	**810,140**	**847,094**	**876,914**

Prospective statement of cash flows

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Cash flows from operating activities											
79,356	General and targeted rates		91,659	99,315	103,397	107,925	109,446	113,448	114,669	117,549	123,694	125,366
32,374	Grants & subsidies		31,100	30,045	29,467	34,540	35,407	39,693	40,977	43,455	47,027	47,905
(146)	GST		33	25	31	30	30	30	-	-	-	-
15,780	Other receipts from customers		18,724	17,165	17,623	18,023	18,490	19,077	19,401	19,912	20,235	20,064
7,998	Interest received		9,927	9,037	6,867	5,604	5,145	5,355	5,591	5,833	6,054	6,267
(10,453)	Interest paid		(14,109)	(14,085)	(13,279)	(12,332)	(11,607)	(11,506)	(11,448)	(11,363)	(11,218)	(11,093)
48,600	Dividends		50,600	51,600	52,590	53,601	54,633	55,686	56,762	57,860	57,968	57,968
-	Taxes paid		-	-	-	-	-	-	(18)	(67)	(66)	(66)
(104,105)	Payments to suppliers		(112,362)	(111,324)	(112,358)	(121,293)	(122,762)	(130,745)	(133,019)	(138,467)	(144,237)	(145,450)
(60,565)	Payments to employees		(64,594)	(67,007)	(67,918)	(69,260)	(70,316)	(71,707)	(73,075)	(74,530)	(76,010)	(77,506)
8,839	**Net cash from operating activities**		**10,979**	**14,771**	**16,419**	**16,838**	**18,466**	**19,332**	**19,842**	**20,183**	**23,448**	**23,455**
	Cash flows from investing activities											
(29,124)	Purchase of property plant & equipment		(28,161)	(27,676)	(26,467)	(8,943)	(9,256)	(8,104)	(8,639)	(9,176)	(10,970)	(10,463)
(883)	Purchase of intangible assets		(1,299)	(1,355)	(1,256)	(1,362)	(1,384)	(1,407)	(1,394)	(1,417)	(1,440)	(1,467)
(179)	Purchase of investments		-	-	-	(13,144)	(9,633)	-	-	-	-	-
-	Investment withdrawals		20,964	747	572	-	-	337	266	266	276	281
(30,187)	**Net cash from investing activities**		**(8,496)**	**(28,284)**	**(27,151)**	**(23,449)**	**(20,273)**	**(9,173)**	**(9,767)**	**(10,327)**	**(12,134)**	**(11,649)**
	Cash flows from financing activities											
49,870	Proceeds from borrowings		51,760	28,031	26,723	10,275	10,640	9,510	10,033	10,593	12,410	11,930
-	Repayment of borrowings		(24,386)	(9,228)	(10,076)	(50,202)	(10,925)	(10,914)	(11,488)	(12,278)	(13,149)	(13,863)
(49,870)	(Loan issued to) QHL		(25,000)	-	-	-	-	-	-	-	-	-
-	Loan repaid by QHL		-	-	-	40,000	-	-	-	-	-	-
(1,247)	Borrower Notes issued		(1,294)	(701)	(668)	(257)	(266)	(238)	(251)	(265)	(310)	(298)
-	Borrower Notes repaid		610	231	252	1,255	273	273	287	307	329	347
361	Loan repayments from ratepayers		291	230	191	165	107	86	29	4	-	-

Prospective statement of cash flows *continued*

Annual Plan 2023/24		Notes	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
(886)	**Net cash from financing activities**		**1,981**	**18,563**	**16,422**	**1,235**	**(171)**	**(1,282)**	**(1,390)**	**(1,639)**	**(721)**	**(1,885)**
(22,234)	**Net increase/ (decrease) in cash, cash equivalents and bank overdrafts**		**4,463**	**5,050**	**5,690**	**(5,376)**	**(1,977)**	**8,876**	**8,685**	**8,216**	**10,594**	**9,921**
77,262	Cash, cash equivalents and bank overdrafts at the beginning of the year		29,838	34,301	39,351	45,041	39,665	37,687	46,563	55,248	63,465	**74,058**
55,028	**Cash, cash equivalents and bank overdrafts at the end of the year**		**34,301**	**39,351**	**45,041**	**39,665**	**37,687**	**46,563**	**55,248**	**63,465**	**74,058**	**83,979**

Notes to Prospective financial statements

Note 1 Summary financial statements - reconciliation to income and funding impact statement

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Revenue by group of activities										
34,983	Healthy Catchment	33,801	34,555	34,524	36,342	36,923	36,973	36,703	37,891	36,320	36,596
23,465	Flood Protection & Control	26,393	28,267	30,731	32,377	33,004	33,566	34,340	34,920	35,578	34,911
22,149	Regulatory Services	24,553	25,212	26,520	27,072	27,549	27,923	28,345	28,897	29,446	29,870
45,919	Transportation	61,145	63,343	62,076	72,261	73,793	81,910	83,806	86,691	96,587	98,325
16,611	Regional Planning and Development	11,651	12,136	12,396	12,328	11,725	11,855	12,130	12,190	12,403	12,552
14,740	Democracy, Engagement and Community	14,808	15,672	15,883	16,098	16,981	16,183	16,372	17,608	17,944	18,133
2,850	Partnerships with Māori	3,025	3,029	3,210	3,293	3,348	3,371	3,425	3,490	3,554	3,592
17,558	Support and Technical Services	23,388	23,948	23,604	19,923	19,798	21,478	22,279	22,922	23,147	23,594
178,278	**Activity operating revenue**	**198,764**	**206,162**	**208,944**	**219,693**	**223,121**	**233,260**	**237,401**	**244,609**	**254,980**	**257,572**
	Reconciliation to income statement										
5,832	Plus subsidies and grants for capital expenditure	3,247	1,000	1,000	-	-	-	-	-	-	-
184,108	**Total operating revenue - income statement**	**202,011**	**207,162**	**209,944**	**219,693**	**223,121**	**233,260**	**237,401**	**244,609**	**254,980**	**257,572**
	Reconciliation to funding impact statement										
(5,832)	Less subsidies and grants for capital expenditure	(1,547)	(1,000)	(1,000)	-	-	-	-	-	-	-
-	Less other dedicated capital funding	(1,700)	-	-	-	-	-	-	-	-	-
178,276	**Total sources of operating funding**	**198,764**	**206,162**	**208,944**	**219,693**	**223,121**	**233,260**	**237,401**	**244,609**	**254,980**	**257,572**

Note 1 Summary financial statements - reconciliation to income and funding impact statement *continued*

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Expenditure by group of activities										
34,703	Healthy Catchment	31,328	32,466	31,473	33,744	34,173	34,175	34,043	35,672	31,705	31,871
19,893	Flood Protection & Control	20,366	19,789	20,694	23,036	22,714	23,238	23,263	23,710	24,075	24,249
22,669	Regulatory Services	24,775	25,468	26,424	26,843	27,323	27,852	28,273	28,824	29,371	29,791
50,320	Transportation	64,867	63,553	62,050	72,154	73,684	81,890	83,764	86,648	96,545	98,294
14,452	Regional Planning and Development	11,699	13,186	16,465	12,183	11,595	11,855	12,130	12,190	12,403	12,552
14,729	Democracy, Engagement and Community	14,862	16,059	15,843	15,909	16,793	16,183	16,372	17,608	17,944	18,133
2,850	Partnerships with Māori	3,037	3,104	3,202	3,254	3,311	3,371	3,425	3,490	3,554	3,592
25,801	Support and Technical Services	29,797	28,857	27,073	25,718	25,264	25,180	25,246	25,204	24,824	24,650
185,416	**Total operating expenditure**	**200,731**	**202,482**	**203,224**	**212,840**	**214,857**	**223,746**	**226,515**	**233,347**	**240,420**	**243,131**
	Reconciliation to income statement										
185,416	**Total expenditure - income statement**	**200,731**	**202,482**	**203,224**	**212,840**	**214,857**	**223,746**	**226,515**	**233,347**	**240,420**	**243,131**
	Reconciliation to funding impact statement										
(10,293)	Less depreciation	(9,666)	(10,067)	(9,668)	(9,955)	(10,172)	(9,788)	(8,974)	(8,988)	(8,956)	(9,082)
175,123	**Total applications of operating funding**	**191,065**	**192,416**	**193,556**	**202,885**	**204,685**	**213,958**	**217,542**	**224,359**	**231,464**	**234,049**
(1,308)	**Net cost of service**	**1,280**	**4,679**	**6,720**	**6,853**	**8,264**	**9,514**	**10,886**	**11,262**	**14,559**	**14,440**
3,153	**Surplus (deficit) of operating funding**	**7,699**	**13,746**	**15,388**	**16,808**	**18,436**	**19,302**	**19,860**	**20,249**	**23,515**	**23,522**

Each group of activity financial statement includes internal costs, internal revenues, and non-monetary transactions.
In order to fairly reflect the total external operations for the Council in the income statement, capital revenue is included as shown.
In order to comply with schedule 10 of the Local Government Act 2002, internal and non-monetary transactions are eliminated in the funding impact statement (whole of council) as shown.

Note 2 Reserves

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Asset Revaluation Reserves										
	Asset Revaluation Reserve										
242,255	Opening balance surplus (deficit)	286,085	303,783	314,435	335,449	351,788	367,555	389,470	405,224	420,437	442,653
38,662	Deposits	17,698	10,652	21,014	16,340	15,767	21,915	15,753	15,213	22,216	15,206
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
280,917	**Closing balance surplus (deficit)**	**303,783**	**314,435**	**335,449**	**351,788**	**367,555**	**389,470**	**405,224**	**420,437**	**442,653**	**457,859**
	Financial Assets Reserve										
6,072	Opening balance surplus (deficit)	6,390	6,563	6,696	6,858	7,017	7,180	7,346	7,509	7,683	7,861
-	Deposits	173	133	162	159	163	166	163	174	178	175
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
6,072	**Closing balance surplus (deficit)**	**6,563**	**6,696**	**6,858**	**7,017**	**7,180**	**7,346**	**7,509**	**7,683**	**7,861**	**8,036**
286,989	**Total Asset Revaluation Reserves**	**310,346**	**321,131**	**342,307**	**358,805**	**374,735**	**396,816**	**412,733**	**428,120**	**450,514**	**465,895**
	Asset Replacement Reserves										
5,386	Opening balance surplus (deficit)	20,418	4,100	5,404	5,717	7,628	9,055	10,819	12,607	14,351	15,951
13,362	Deposits	55,113	57,400	57,206	41,650	42,654	42,572	43,227	45,566	49,050	49,173
(991)	Withdrawals	(71,432)	(56,096)	(56,893)	(39,738)	(41,228)	(40,808)	(41,439)	(43,823)	(47,449)	(47,426)
17,757	**Closing balance surplus (deficit)**	**4,100**	**5,404**	**5,717**	**7,628**	**9,055**	**10,819**	**12,607**	**14,351**	**15,951**	**17,698**
17,757	**Total asset replacement reserves**	**4,100**	**5,404**	**5,717**	**7,628**	**9,055**	**10,819**	**12,607**	**14,351**	**15,951**	**17,698**

Note 2 Reserves *continued*

Annual Plan 2023/24 $000		2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000	2031/32 $000	2032/33 $000	2033/34 $000
	General Reserves										
	Equalisation Fund Reserve										
-	Opening balance surplus (deficit)	2,000	2,000	382	-	-	-	-	-	-	-
-	Deposits	390	873	1,702	1,338	1,278	-	-	-	-	-
-	Withdrawals	(390)	(2,491)	(2,083)	(1,338)	(1,278)	-	-	-	-	-
-	**Closing balance surplus (deficit)**	**2,000**	**382**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Regional Project Fund Reserve										
4,345	Opening balance surplus (deficit)	1,630	3,229	7,945	11,522	16,402	21,490	26,832	31,550	35,940	42,903
5,560	Deposits	5,933	6,101	8,293	6,436	6,638	6,895	6,268	6,469	7,063	6,557
(7,857)	Withdrawals	(4,334)	(1,385)	(4,716)	(1,555)	(1,550)	(1,553)	(1,549)	(2,080)	(100)	(100)
2,048	**Closing balance surplus (deficit)**	**3,229**	**7,945**	**11,522**	**16,402**	**21,490**	**26,832**	**31,550**	**35,940**	**42,903**	**49,360**
	Toi Moana reserve										
70,000	Opening balance surplus (deficit)	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
-	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
70,000	**Closing balance surplus (deficit)**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**	**70,000**
72,048	**Total General Reserves**	**75,229**	**78,327**	**81,522**	**86,402**	**91,490**	**96,832**	**101,550**	**105,940**	**112,903**	**119,360**
	Targeted Rates Reserves										
	Rates Current Account Reserve										
4,845	Opening balance surplus (deficit)	5,408	4,147	3,387	2,851	2,820	2,796	2,753	2,719	2,723	2,723
1,846	Deposits	326	231	191	165	107	86	29	4	-	-
(1,996)	Withdrawals	(1,588)	(991)	(727)	(196)	(131)	(130)	(62)	-	-	(298)
4,695	**Closing balance surplus (deficit)**	**4,147**	**3,387**	**2,851**	**2,820**	**2,796**	**2,753**	**2,719**	**2,723**	**2,723**	**2,425**
4,695	**Total Targeted Rates Reserves**	**4,147**	**3,387**	**2,851**	**2,820**	**2,796**	**2,753**	**2,719**	**2,723**	**2,723**	**2,425**

Note 2 Reserves *continued*

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Restricted Reserves										
	Environmental Enhancement Fund										
406	Opening balance surplus (deficit)	260	260	260	260	260	260	260	260	260	260
332	Deposits	331	331	331	330	330	329	321	321	321	321
(332)	Withdrawals	(331)	(331)	(331)	(330)	(330)	(329)	(321)	(321)	(321)	(321)
406	**Closing balance surplus (deficit)**	**260**	**260**	**260**	**260**	**260**	**260**	**260**	**260**	**260**	**260**
	Disaster Reserves										
4,580	Opening balance surplus (deficit)	5,625	5,413	6,436	7,479	6,846	7,158	7,613	8,669	9,725	10,781
941	Deposits	990	1,024	1,043	1,056	1,056	1,056	1,056	1,056	1,056	1,056
(1,617)	Withdrawals	(1,202)	-	-	(1,689)	(744)	(601)	-	-	-	-
3,904	**Closing balance surplus (deficit)**	**5,413**	**6,436**	**7,479**	**6,846**	**7,158**	**7,613**	**8,669**	**9,725**	**10,781**	**11,837**
	Rotorua Lakes Deed Funding Reserve										
53	Opening balance surplus (deficit)	(614)	(662)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)
-	Deposits	-	-	-	-	-	-	-	-	-	-
(29)	Withdrawals	(48)	(1)	-	-	-	-	-	-	-	-
24	**Closing balance surplus (deficit)**	**(662)**	**(663)**	**(663)**	**(663)**	**(663)**	**(663)**	**(663)**	**(663)**	**(663)**	**(663)**
	Kaituna NZTA reserve										
644	Opening balance surplus (deficit)	680	680	680	680	680	680	680	680	680	680
37	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
681	**Closing balance surplus (deficit)**	**680**	**680**	**680**	**680**	**680**	**680**	**680**	**680**	**680**	**680**

Note 2 Reserves *continued*

Annual Plan 2023/24 $000		2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000	2031/32 $000	2032/33 $000	2033/34 $000
	CDEM Group Reserve										
888	Opening balance surplus (deficit)	888	888	888	888	888	888	888	888	888	888
-	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
888	**Closing balance surplus (deficit)**	**888**	**888**	**888**	**888**	**888**	**888**	**888**	**888**	**888**	**888**
	BOP Lifelines										
-	Opening balance surplus (deficit)	88	88	88	88	88	88	88	88	88	88
-	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
-	**Closing balance surplus (deficit)**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**
	Kaituna River Authority Reserve										
198	Opening balance surplus (deficit)	195	201	201	201	201	201	201	201	201	201
11	Deposits	6	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
209	**Closing balance surplus (deficit)**	**201**	**201**	**201**	**201**	**201**	**201**	**201**	**201**	**201**	**201**
	Kaituna River Remediation										
523	Opening balance surplus (deficit)	552	552	552	552	552	552	552	552	552	552
30	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
553	**Closing balance surplus (deficit)**	**552**	**552**	**552**	**552**	**552**	**552**	**552**	**552**	**552**	**552**
	Tarawera restoration reserve										
788	Opening balance surplus (deficit)	788	788	788	788	788	788	788	788	788	788
-	Deposits	-	-	-	-	-	-	-	-	-	-
-	Withdrawals	-	-	-	-	-	-	-	-	-	-
788	**Closing balance surplus (deficit)**	**788**	**788**	**788**	**788**	**788**	**788**	**788**	**788**	**788**	**788**

Note 2 Reserves *continued*

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Total Reserves										
340,983	Opening balance surplus (deficit)	400,393	402,029	417,479	442,670	465,295	488,027	517,626	541,073	563,652	595,666
60,781	Deposits	80,961	76,745	89,941	67,473	67,993	73,019	66,817	68,804	79,884	72,488
(12,822)	Withdrawals	(79,325)	(61,295)	(64,750)	(44,847)	(45,261)	(43,420)	(43,371)	(46,224)	(47,871)	(48,145)
388,942	**Closing balance surplus (deficit)**	**402,029**	**417,479**	**442,670**	**465,295**	**488,027**	**517,626**	**541,073**	**563,652**	**595,666**	**620,009**

Note 3 Depreciation and amortisation

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Depreciation and amortisation by group of activities										
1,493	Healthy Catchment	1,272	1,339	1,426	1,519	1,606	1,373	794	832	886	942
2,976	Flood Protection & Control	2,570	2,688	2,819	2,933	3,034	3,134	3,220	3,287	3,267	3,351
96	Regulatory Services	84	95	106	110	123	131	122	125	129	126
905	Transportation	900	940	226	226	218	104	-	-	-	-
4,823	Support and Technical Services	4,841	5,005	5,091	5,167	5,192	5,046	4,839	4,745	4,673	4,663
10,293	**Total depreciation and amortisation**	**9,666**	**10,067**	**9,668**	**9,955**	**10,172**	**9,788**	**8,974**	**8,988**	**8,956**	**9,082**

Note 4 Financial Prudence
Long Term Plan 2024-2034 disclosure statement for period commencing 1 July 2024

What is the purpose of this statement?

This statement discloses Council's planned financial performance in relation to various benchmarks, to assess whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its LTP 2024-2034 in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in the statement.

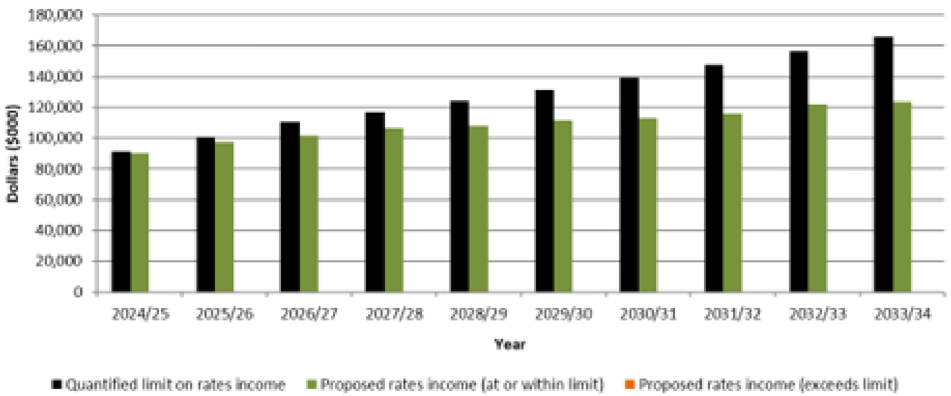
Quantified limit on rates	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Total Rates	90,052	97,708	101,790	106,318	107,839	111,841	113,062	115,942	122,087	123,759
Planned Total rates	**90,052**	**97,708**	**101,790**	**106,318**	**107,839**	**111,841**	**113,062**	**115,942**	**122,087**	**123,759**

Rates affordability benchmark

Council meets the rates affordability benchmark if:
Its planned rates income equals or is less than each quantified limit on rates; and
Its planned rates increase equals or is less than each quantified limit on rates increases.

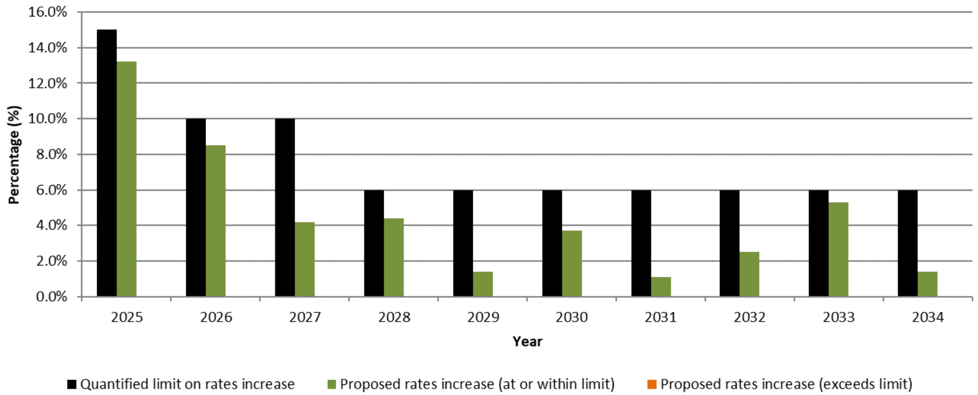
Rates (income) affordability

The following graphs compare the Council's planned rates income with a quantified limit on real rate increases in the financial strategy in Council's LTP 2024-2034. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars.



Rates (increase) affordability

The following graphs compare Council's planned rates increases with a quantified limit on real rates increases in the financial strategy in Council's LTP 2024-2034. The quantified limit is set for each financial year and measured as percentage rate rise from the previous financial year.



Debt affordability benchmark

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

Net debt/total revenue

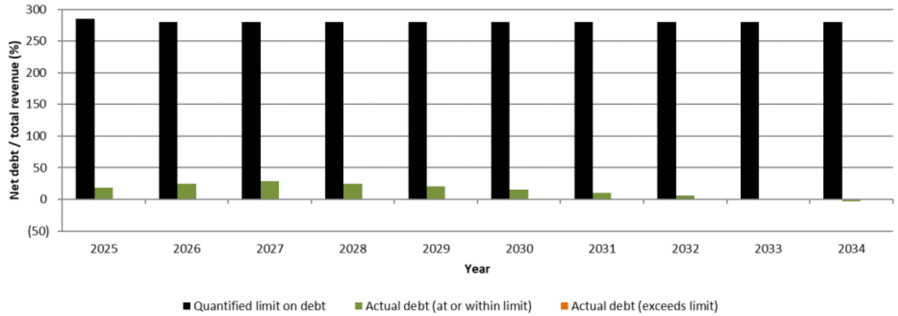
The following graphs compare Council's planned debt with a quantified limit on borrowing in the financial strategy included in Council's LTP 2024-2034. The quantified limit is set for borrowings with the following limits:

Net interest/total revenue

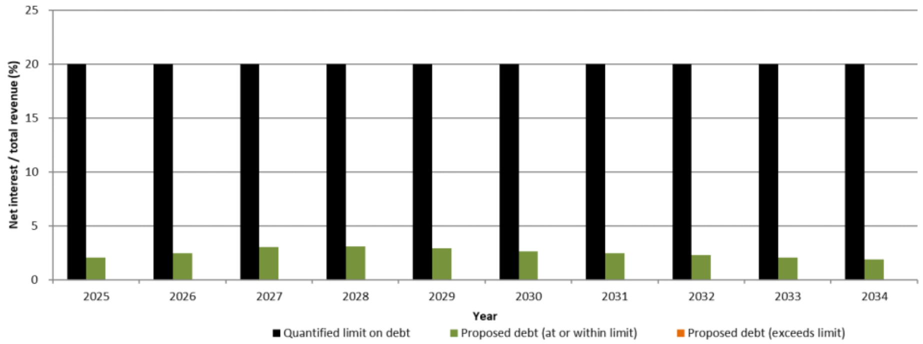
Financial covenant	Limit
Net debt (2) / Total revenue (3)	<280% - 285%
Net interest / Total revenue	<20%
Net interest / Annual rates revenue	<25%

1. Financial covenants are measured on Council only, not the consolidated group.
2. Net debt is defined as gross external debt less cash and cash equivalents, term deposits, on-lending to CCO's and borrower notes
3. Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. vested assets).

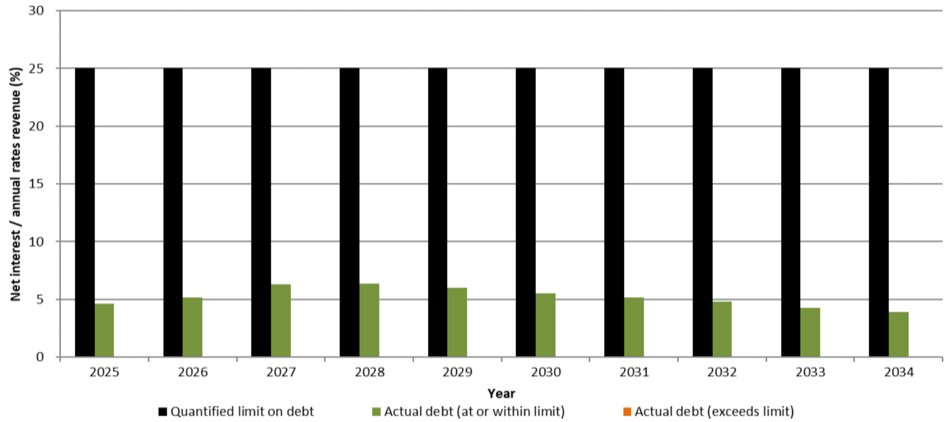
Net debt/total revenue



Net interest/total revenue



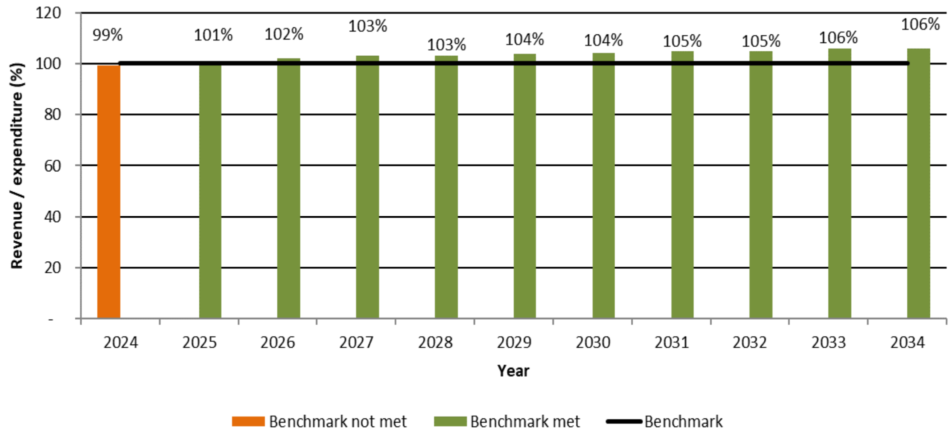
Net interest/annual rates revenue



Balanced budget benchmark

The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

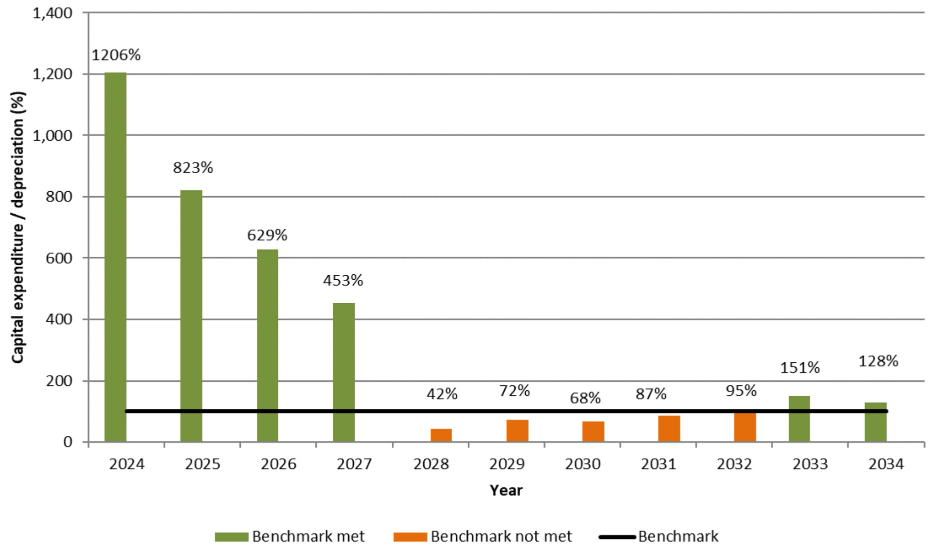
Council meets this benchmark if planned revenue equals or is greater than its operating expenses.



We propose to have an unbalanced budget in 2023/24. This means that our forecast operating revenue is less than our operating expenditure. The main reason for this is due to our commitment to keeping rates at an affordable level by using investments and dividends, as well as reserves to maintain equitable rate rises across the region. We have prudently managed our forecasted levels of operating revenue and financial reserves to meet our obligations.

Essential services benchmark

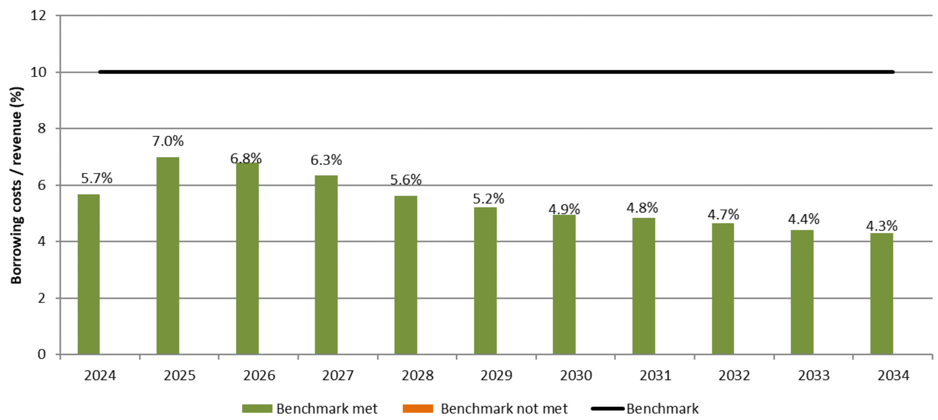
The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plan, or equipment).

Because Statistics New Zealand projects Council's population will grow *faster* than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 percent of its revenue.



Accounting Policies
Ngā Kaupapahere Kaute

Reporting entity

Bay of Plenty Regional Council (Council) is a regional local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council's primary objective is to provide local infrastructure, local public services and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of financial reporting.

The group consists of the ultimate parent, Bay of Plenty Regional Council and its subsidiaries, Quayside Holdings Limited (a 100% owned investment company) and the Toi Moana Trust Fund (a majority owned portfolio investment entity (PIE)). Quayside Holdings Limited has a 100% shareholding in Quayside Properties Limited, Quayside Unit Trust, Quayside Investment Trust, Quayside Securities Limited, Aqua Curo Limited, Quayside Mystery Valley Limited, Quayside Barnett Place Limited, Quayside Portside Drive Limited, Quayside The Vault Limited and Quayside Tauriko Limited. The principal activity of Quayside Securities Limited is to act as trustee for the Quayside Unit Trust, Quayside Investment Trust and Toi Moana Trust. Quayside Securities Limited as trustee owns 54.1% of the shares in the Port of Tauranga Limited (Port Company). The Council's subsidiaries are incorporated and domiciled in New Zealand.

The principal activity of the Toi Moana Trust is financial investment.

These prospective financial statements report on all budgets for Council's activities for each of the 10 years ending 30 June. These prospective statements are Council's only and are not consolidated with the statements of any subsidiaries (Quayside Holdings Limited companies and the Toi Moana Fund, the Group).

Basis of preparation

The prospective financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The prospective financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002, Part 6 Section 95 and Part 2 of Schedule 10 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) with the exception of the Funding Impact Statements (FIS).

The prospective financial statements comply with the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) for Tier 1 entities, Public Benefit Entities International Financial Reporting Standard (PBE IFRS), and Public Benefit Entities Financial Reporting Standard, (PBE FRS 42 Prospective Financial Statements, issued for 1 January 2019).

The prospective financial statements use forecast opening balances for the period ending 30 June 2024 and estimates have been restated accordingly, where required.

The information in the prospective financial statements is uncertain and preparation requires exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be significant. Events and circumstances may not occur as expected or may not have been predicted, or the Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

Council authorised the prospective financial statements on [DATE]

Council, which is authorised to do so and believes that the assumptions underlying these prospective financial statements are appropriate, has approved the LTP 2024-2034 for distribution. Council and its management accept responsibility for the preparation of its prospective financial statements, including appropriateness of assumptions underlying the prospective financial statements and all other required disclosures. Actual financial results have been incorporated to the extent that they affect the opening forecast prospective statement of financial position as at 1 July 2024. Council does not intend to update the prospective financial statements subsequent to presentation.

Measurement base

The prospective financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments (including derivative instruments).

Presentation currency and rounding

Financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

Changes in accounting policies

There have been no changes in accounting policies.

Standards issued, not yet effective and not early adopted

New standards, amendments and interpretations issued but not yet effective have not been adopted early by Council but will be applied with any resulting reporting changes in the reporting period after the effective date.

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The amendments are effective from the year ending 30 June 2024. They are not expected to have any significant impact on the Council's prospective financial statements.

PBE IFRS 17 Insurance Contracts

This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The Council has not assessed in detail the effect of the new standard.

PBE IPSAS 1 – Presentation of Financial Reports

An amendment to PBE IPSAS 1 requires the disclosure of fees incurred for services received from its audit or review firm, and a description of each service. The amendments are effective for accounting periods beginning on or after 1 January 2024. They are not expected to have any significant impact on the Council's prospective financial statements.

Significant accounting polices

Consolidation

Council has not presented group prospective financial statements because it believes that the parent prospective financial statements are more relevant. The main purpose of prospective financial statements in the LTP 2024-2034 is to provide users with information about the core services Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Council requires in rates to fund intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Council obtains distributions from, or further invests in those subsidiaries. Such effects are included in the prospective financial statements.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Council activities. Revenue is shown, net of GST, rebates and discounts. The specific accounting policies for significant revenue items are explained below:

Rates revenue

General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
Rates arising from late payment penalties are recognised as revenue when rates become overdue.
Rates remissions are recognised as a reduction in rates revenue when Council has received an application that satisfies its rates remission policy.

Government grants

Council receives funding assistance from the Waka Kotahi NZ Transport Agency, which subsidies part of Council's passenger transport services. Council also receives Crown Infrastructure Partnership funding to assist with infrastructure projects. The subsidies are recognised as revenue upon entitlement once conditions pertaining to eligible expenditure have been fulfilled.
Council also receives grants in respect of qualifying operating and capital expenditure from Central Government. Grants received from Ministry for the Environment for the Rotorua Lakes Protection and Restoration Action Plan as detailed in the funding deed. These grants are recognised as revenue in the period they are received.

subsidiaries, except to the extent that Council obtains distributions from, or further invests in those subsidiaries. Such effects are included in the prospective financial statements.

Other grants

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Finance revenue

Finance revenue comprises interest income on bank deposits, finance lease interest and gains on hedging instruments that are recognised in the statement of comprehensive revenue and expense.

Interest income is measured at amortised cost and is recognised as it accrues, using the effective interest method.

Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Dividend income is recognised on the date that the right to receive payment is established, being the ex-dividend date.

Rental income

Rental income from property leased under operating leases, is recognised in the statement of comprehensive revenue and expense on a straight-line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Resource consent revenue

Fees and charges for resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Vested or donated physical assets

For assets received for no, or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

Sale of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Other Income

Other income is recognised when the right to receive payment is established.

Expenses

Finance costs

Finance costs comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions and impairment losses recognised on financial asset (except for trade receivables). All borrowing costs are recognised in the statement of comprehensive revenue and expense using the effective interest method. Council does not capitalise borrowing costs.

Foreign currency gains / losses

Transactions in foreign currencies are translated into the functional currency of Council at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive revenue and expense income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Gain / loss on equity investments

Equity securities designated at fair value through surplus and deficit are revalued to fair value based on quoted market prices at the reporting date. Net gains and losses on individual equities securities are presented either in other income or in other losses.

Grant expenditure

Non-discretionary grants are those that are awarded if the grant application meets specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.
Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

Income Tax expense

Income tax expense includes components relating to current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Income tax is recognised in the statement of comprehensive revenue and expense, except to the extent that it relates to items recognised in other comprehensive income or equity.

Leases

Where Council is the lessee

Leases, where Council substantially assumes all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Payments made under finance leases are allocated between the liability and finance charges, using the effective interest method, to achieve a constant periodic rate of interest on the finance balance outstanding. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight-line basis over the period of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Where Council is the lessor

When assets are leased under a finance lease, where the lessee effectively receives substantially all the risks and benefits of ownership of the leased items, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Assets leased under operating leases are included in property, plant and equipment in the balance sheet, as appropriate.

Payments and receivables received under operating leases are recognised in the statement of comprehensive revenue and expense on a straight-line basis over the term of the lease.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Bank term deposits are initially measured at the amount invested. A loss allowance for expected credit losses recognised if the estimated loss allowance is not trivial.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The simplified expected credit loss model of recognising lifetime expected credit losses for receivables is applied.

In measuring expected credit losses, short-term trade and sundry receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Receivables with a short duration are not discounted.

Rates are "written off":

- When remitted in accordance with the Councils' rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first in-first out method), adjusted, when applicable, for any loss of service potential. Where inventory is acquired a no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the first in-first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of purchased inventory is determined using the first in-first out method.

The amount of any write down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Other financial assets

Term deposits

The carrying amount of term deposits, floating rate notes and bonds and other fixed rate notes approximates their fair value.

Bonds and other fixed rate notes

Bonds and other fixed rate notes are measured at their fair value after initial recognition based on independent valuations from Bancorp Limited. Gains or losses on re-measurement are recognised in equity.

Investment in subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable, are taken into account. Council's investment in subsidiaries (Quayside Holdings Limited and Toi Moana Trust) is carried at cost less impairment.

Intercompany loans

Intercompany loans are initially recognised at fair value. They are subsequently measured at amortised cost and adjusted for impairment losses. An impairment gain or loss is recognised in surplus or deficit, and is the amount of expected credit losses (or reversal).

Unlisted shares

Unlisted shares are carried at fair value. The investment in shares held by Council, consisting of New Zealand Local Government Funding Agency (NZ LGFA), Civic Financial Services Ltd and Regional Software Holdings Limited (RSHL), have all been designated as equity investments. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Borrowers notes

Borrowers notes are measured at fair value through surplus or deficit.

Intercompany Loans

Intercompany loans are initially recognised at fair value. They are subsequently measured at amortised cost and adjusted for impairment losses. An impairment gain or loss is recognised in surplus and deficit, and is the amount of expected credit losses (or reversal).

Other equity investments

Other equity investments represent the diversified equity portfolio of the Group that are traded in active markets and direct investment into private equity and managed funds.

Investments in unlisted venture capital funds and unlisted equity investments are not traded in active markets. The fair value is categorised under the level 3 fair value hierarchy.

Financial assets are mandatorily measured at fair value through surplus and deficit if it is not measured at amortised cost or designated at fair value through comprehensive income upon initial recognition. Attributable transaction costs are recognised in surplus and deficit as incurred. Financial assets mandatorily measured at fair value through surplus and deficit are measured at fair value and changes therein, which takes into account any dividend income, are recognised in surplus and deficit.

Financial assets mandatorily measured at fair value through surplus and deficit include share market investments and other equity investments.

The fair value of share market investments measured at fair value through the statement of comprehensive revenue and expense, is based on quoted market prices at the reporting date and are categorised under the level 1 fair value hierarchy. Share market investments are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Subsequent to initial recognition, all financial assets at fair value through surplus and deficit are measured at fair value. Net gains and losses arising from changes in the fair value of the 'financial assets at fair value through surplus and deficit' category are presented in the statement of comprehensive revenue and expense, and other comprehensive income within other gains and other losses.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership. On derecognition, any gain or loss is recognised in the statement of comprehensive revenue and expense.

Classification of financial instruments

For the purpose of measurement, financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Impairment of loans to related parties and financial guarantee contracts

For loans to related parties and financial guarantees, expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are not held or issued for trading purposes. However, derivative financial instruments that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non-current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive revenue and expense. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cashflow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive revenue and expense. The change in fair value of the cash flow hedge is accounted for as a cost of hedging and recognised in the hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects surplus and deficit, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as property, plant and equipment), the deferred hedging gains and losses, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in surplus and deficit as the hedged item affects surplus and deficit (eg: through depreciation).
- The surplus and deficit relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in surplus and deficit within finance cost at the same time as the interest expense on the hedged borrowings.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the highly probable forecast transaction, upon which the hedge was based, occurs. When the hedged item is a non-financial asset, the amount recognised in the hedging reserve is transferred to the carrying amount of the asset when it is recognised.

In other cases, the amount recognised in the hedging reserve is transferred to the statement of comprehensive revenue and expense, in the same period that the hedged item affects the statement of comprehensive revenue and expense.

Fair value hedges

Derivative financial instruments on fixed rate debt where the fair value of the debt changes because of changes in interest rates are designated as fair value hedges. The carrying amount of the hedged items are adjusted for gains and losses attributable to the risk being hedged. The hedging instruments are also measured to fair value. Gains and losses for both are recognised in the statement of comprehensive revenue and expense.

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive revenue and expense, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of comprehensive revenue and expense within finance expenses, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to surplus and deficit over the period to maturity using a recalculated effective interest rate.

Fair values

The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives that are not traded in active markets (for example over-the-counter derivatives) are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable forward price curves. The fair value of forward exchange contracts is calculated as the present value of future cash flows based on quoted forward exchange rates at the reporting date.
All financial instruments held, designated at fair value are classified as level 2 under the fair value measurement hierarchy.

Property, plant and equipment

Property, plant and equipment consist of the following classes:

- Operational assets – Operational assets include land, buildings, plant and equipment, maritime assets and motor vehicles
- Restricted assets – Restricted assets are regional parks owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions
- Infrastructure assets – Infrastructure assets are rivers and drainage networks and Rotorua lakes' structures managed by Council. Each class includes all items that are required for it to function, such as stopbanks, flood gates and drainage networks and structures.

Initial recognition and subsequent measurement

Property, plant and equipment is initially measured at cost, and subsequently stated at either fair value or cost, less depreciation and any impairment losses. Subsequent expenditure that increases the economic benefits derived from the asset is capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and it not depreciated.

Revaluation

Land, buildings, restricted assets, rivers and drainage and maritime assets are measured at fair value, based on periodic valuations by external independent valuers. A three yearly revaluation cycle is undertaken to ensure the carrying value of these assets do not differ materially from their fair value. If during the three-year revaluation cycle there are indicators that fair value of a particular asset class may differ materially from its carrying value, an interim revaluation of that asset class is undertaken. An exception to the three-yearly cycle are rivers and drainage assets which are revalued on an annual basis.

Any increase in carrying value from revaluation shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of revaluation, the decrease shall be recognised in surplus and deficit unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probably that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation of property, plant and equipment other than freehold land is calculated on a straight-line basis and expensed over their useful lives.

The useful lives and depreciation rates of the major classes of assets have been estimated as follows:

Class	Useful life	Depreciation rate
Buildings	5 to 100 years	1% - 20%
Plant and equipment	2 to 10 years	10% - 50%
Maritime	15 to 40 years	2.5%-50%
Infrastructural assets		
Concrete wall	50 years	2%
Culvert	50 years	2%
Concrete structures	70 years	1.43%
Other structures	40 years	2.50%
Pump station	70 years	1.43%
Pump components	various	various
Water ways	N/A	0%
Edge protection	N/A	0%
Buffer zone plantings	N/A	0%
Fencing	N/A	0%
Stop banks	see below	0.30%

The stop banks are maintained to convey their design flood carrying capacity. However, settlement of 50 percent of the freeboard will be allowed before stop bank reconstruction is undertaken. Stop bank reconstruction will be required on average every 20 years. To account for this, a depreciation rate of 0.3 percent is used. After 20 years the stop banks will have lost 6 percent of their value.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in

the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Intangible assets

Software development

Costs that are directly associated with the development of software for internal use by the Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Software development assets, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible assets are recognised as intangible software assets. These assets have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs that do not result in intangible assets are expensed as incurred unless they are paid to the supplier(s) of the cloud-based software and/or to the supplier's agent to significantly customise the cloud-based software, in which case, the costs paid upfront may be recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangement.

Other

Other intangibles acquired which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the statement of comprehensive revenue and expense.

The estimated useful lives for the current and comparative periods are as follows:

- Computer software: 1 to 10 years

Disposals

Gains and losses from the disposal of intangible assets are recognised in the statement of comprehensive revenue and expense.

Impairment of intangible assets

The carrying amounts of intangibles are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised in surplus or deficit for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

Liabilities

Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

Provisions

A provision is recognised if, as a result of a past event, there is a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Deferred Tax

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised.

For all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus and deficit for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Short-term employee benefits

Employee benefits expected to be settled with 12 months after the end of period in which the employee renders the related service are measured on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided.

Long-term employee benefits

Employee benefits granted to employees as one-off annual leave entitlement's upon reaching certain long service targets. The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date, using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on New Zealand Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Presentation of employee entitlements

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Loans and borrowings

Loans and borrowings are recognised at fair value plus any directly attributable transaction costs, if the Council becomes party to the contractual provisions of the instrument. Loans and borrowings are derecognised if the Council's obligations as specified in the contract expire or are discharged or cancelled.

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method, less any impairment losses.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue

Equity

Council's capital is its equity (or ratepayers' funds), which comprise of retained earnings and reserves. Equity is represented by net assets.

Council has the following Council created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. Release of these funds can generally only be approved by Council.

Council holds the following reserves. All reserves are cash reserves except for the asset revaluation reserve and financial asset reserve.

Asset revaluation reserve

This reserve is used by Council to reflect the net increase in the fair value of property and infrastructure assets. This is a non-cash reserve and is available for use by any activity that controls infrastructure, maritime, or property assets.

Financial assets reserve

This reserve reflects the net change in fair value of financial assets available for sale during the year. This is a non-cash reserve. It is used by the Treasury programme within Corporate Activity.

Asset replacement reserve

This is a reserve fund for asset replacement. Contributions to the reserve are from depreciation funding. Funds from the reserve are used for the purchase of replacement assets, and transfers to the Regional Fund. This reserve is used by all activities.

Equalisation reserve

This reserve is used to record surpluses and deficits from all general funded activities.

Regional fund reserve

This reserve is used to fund infrastructure projects and selected operating projects with long lasting benefits. It is replenished through budgeted contributions from activities and is available for use by all activities.

Toi Moana reserve

This reserve is used to provide optimised long term investment returns without the restraint of liquidity requirements. This reserve is used by the Treasury programme within Corporate Activity.

Rates current account

The purpose of this reserve is to record the under or over-recovery of targeted rates carried forward to fund activities in future years. This is used by all activities that have targeted rates including Rotorua Lakes, Rotorua Air Quality, Passenger Transport and Rivers, Drainage and Flood Management.

Environmental enhancement fund

This reserve was established to support local projects that aim to enhance, preserve or protect the region's natural or historic character. Transfers to and from this reserve are approved by Council resolution. This reserve funds the Environmental Enhancement programme in the Kotahitanga/Strategy Engagement Activity.

Flood and Disaster reserves

This reserve holds funds accumulated for the purpose of contributing to flood damage or disaster events incurred by any of the five major river and/or drainage schemes.

Contributions to this reserve are from interest earned by the funds. There is a specific bank account for these funds. Withdrawals from this account are approved by Council resolution.

This reserve is used by the Rivers, Drainage and Flood Management Activity.

Rotorua Lakes restoration reserve

This reserve records the accumulation of funds available to finance deed funded lakes projects. This reserve holds all deed funded surpluses from Central Government (Ministry for the Environment) and Council's (general and targeted rate) funding allocated to match Ministry for the Environment funds. This reserve is used by the Rotorua Lakes Activity.

Kaituna NZTA reserve

This reserve holds funds for restoration of any impacts on the Kaituna River from the establishment of roading.

CDEM Group reserve

This reserve records the accumulation of funds available to finance Civil Defence Emergency Management Group related projects. This reserve holds all the group funded surpluses from the Territorial Authorities and the Regional Council funding. This reserve funds expenditure within the Emergency Management Activity.

Kaituna River Authority reserve

This reserve holds accumulated funds received from the Ministry for the Environment on behalf of the Kaituna River Authority.

Kaituna River remediation reserve

This reserve holds funds for restoration of any impacts on the Kaituna River from the Kaituna River re-diversion.

Tarawera restoration reserve

This reserve holds funds for use by the Tarawera Restoration Strategy Group to support, co-ordinate, and promote the integrated restoration of the mauri of the catchment.

Goods and Services Tax (GST)

Items in the prospective financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST. Rates Funding Impact

Statements are disclosed inclusive of GST.

Cost allocation

The cost of service for each activity of council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates, assumptions and judgements

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the ten years are outlined below:

- valuation of land and buildings, and infrastructure assets
- valuation of derivative financial instruments
- accounting for Software-as-a-Service (SaaS) arrangements
- lease classification and accounting for arrangements containing a lease
- provisions
- valuation of investments in subsidiaries

Significant assumptions

A number of forecasting assumptions have been used in the development of this LTP 2024-2034.

Put option

The Perpetual Preference Share issue has a put option. The purpose of the put option is to reduce the credit risk of the Perpetual Preference Share to holders. The put option is valued annually.

The key factors which impact on the valuation of the put option are:

- The ability of Quayside Holdings Limited as a stand-alone entity to meet future Perpetual Preference Share dividends payments;
- The ability of Council to meet the obligations of the put option if it were to be exercised; and
- The risk that the holders of the Perpetual Preference Share will be able to realise the capital invested in the Perpetual Preference Share

A credit default swaps technique has been used to value the put option. This technique is consistent with the requirements of International Financial Reporting Standards to determine the fair value of a put option. Two independently developed valuation models have been used to manage the model risk, the results of the models being cross-checked to ensure there are no material valuations differences.

The key inputs and assumptions used in the models are:

- Nominal amount of credit protection on reference credit $200 million
- Term of credit protection 10 years

Probability of default is consistent with an A- to BBB+ credit quality. (Source: Moody's, based on empirical observations in the period 1983 to 2022). The latest valuation of the put option was carried out on 29 September 2023 by PricewaterhouseCoopers, Wellington.

Infrastructural assets

There are a number of assumptions and estimates used when performing Optimised Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under-estimating the annual depreciation charge, recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's Asset Management Planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform a review of Council's infrastructural asset revaluations.

Fair value hierarchy

- A number of the Council’s accounting policies and disclosures require the determination of fair value, being market value, for both financial and non-financial assets and liabilities.
- When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Assets and liabilities measured at fair value are classified according to the following levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Financial Instruments
- Financial Assets – Classification and Subsequent Measurement
- On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
- A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

- Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.
- Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses
- Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in surplus and deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus and deficit. Any gain or loss on derecognition is also recognised in surplus and deficit.

Prospective financial information

The financial information contained in this document is prospective financial information in terms of accounting standard PBE FRS 42.

The purpose of the financial information is to provide ratepayers and interested parties the prospective future financial performance, financial position and cash flows of the Council.

The actual results achieved for any particular financial year are also likely to vary from the information presented and may vary materially, depending on the circumstances that arise during that period.

Rounding

Some rounding variances may occur in the prospective financial statements due to stating dollar amounts to the nearest $1,000.

Council Controlled Organisations Ngā Pakihi a Te Kaunihera

Introduction

A *Council Controlled Organisation* (CCO) is any company or entity in which one or more local authorities, whether or not jointly with other local authorities, controls 50% or more of the voting rights, or the right to appoint 50% or more of the governing body of the company or entity. CCOs that are for profit are called Council Controlled Trading Organisations (CCTO). CCOs and CCTOs are established under the Local Government Act 2002.Bay of Plenty Regional Council (Council) is a shareholder in the following Council Controlled Organisations (CCOs) that helps it achieve its regional goals:

Sole/majority shareholder

- Quayside Holdings Limited (Quayside) – Council has a 100% shareholding of Quayside. Quayside is the sole and majority shareholder of 11 subsidiary companies, one of which holds 54.14% shareholding in Port of Tauranga. Council's objective in establishing Quayside was to achieve optimal commercial performance from the region's shareholding in Port of Tauranga Limited (the Port) while maximizing the return to the ratepayers of the Bay of Plenty Region.
- Toi Moana Trust (Toi Moana) – Council has a 99.99% shareholding of the units of the Trust, with one unit held by Quayside. Toi Moana is a financial investment designed to optimise returns on funds that were available for long-term investment without the restraint of liquidity requirements to Council. It also aims to protect the capital value of its investment over the longer term.

Minority shareholder

- Bay of Plenty Local Authority Shared Services (BOPLASS Limited) - Council has a 16.13% (as at 30 June 2023) shareholding in BOPLASS, the remainder is held by eight other councils. BOPLASS independently supports all councils in the region in efficiently delivering shared services.
- The Local Government Funding Agency (LGFA) - Council has an 8.29% (as at June 2023) shareholdings in LGFA, the remainder is held by 29 other local authorities throughout New Zealand and Central Government. The LGFA was established by the Local Government Borrowing Act 2011. It allows New Zealand councils to invest and call on loans to fund services at cheaper rates than they could through the private sector market.
- Regional Software Holdings Limited (RSHL) – Council has a 11% shareholding in Class A (control) shares in RSHL, the remainder is held by 8 other councils. RSHL provides a framework for collaboration and shared services.

This chapter provides an overview of these organisations, including their performance measures (where applicable) for Years One to 10 of this LTP 2024-2034. Council reports on the financials and performance of our CCOs in our annual reports.

Quayside Holdings Limited

Quayside Holdings Limited's objective is to derive commercial returns through commercial management and monitoring its investments.

Subsidiary companies of Quayside (collectively the Quayside Group) include:

- Quayside Securities Limited (100% owned)
- Quayside Unit Trust (100% owned)
- Quayside Investment Trust (100% owned)
- Quayside Properties Limited (100% owned)
- Aqua Curo Limited (100% owned)
- Quayside Barnett Place Limited (100% owned)
- Quayside the Vault Limited (100% owned)
- Quayside Portside Drive Limited (100% owned)
- Quayside Tauriko Limited (100% owned)
- Quayside Te Tapu Tipu (100% owned)
- Huakiwi Services Limited (100% owned)
- Port of Tauranga (54.14% owned)

Quayside joint ventures deemed to be 'Council Controlled Organisation'

- Lakes Commercial Developments limited (75% Owned)
- HRL Property Limited (60% owned)
- Tauranga Commercial Developments Limited (50% owned)

History

The Quayside Group was established in 1991 when Quayside gained a majority interest in POTL from Council. The interest was acquired by Quayside Unit Trust, with Quayside Securities Limited acting as trustee for the Unit Trust. In time, Quayside Properties Limited was established to invest in regional property infrastructure. Quayside Securities Limited also acts as trustee for Quayside Investment Trust, a wholly owned Portfolio Investment Entity established in 2014.

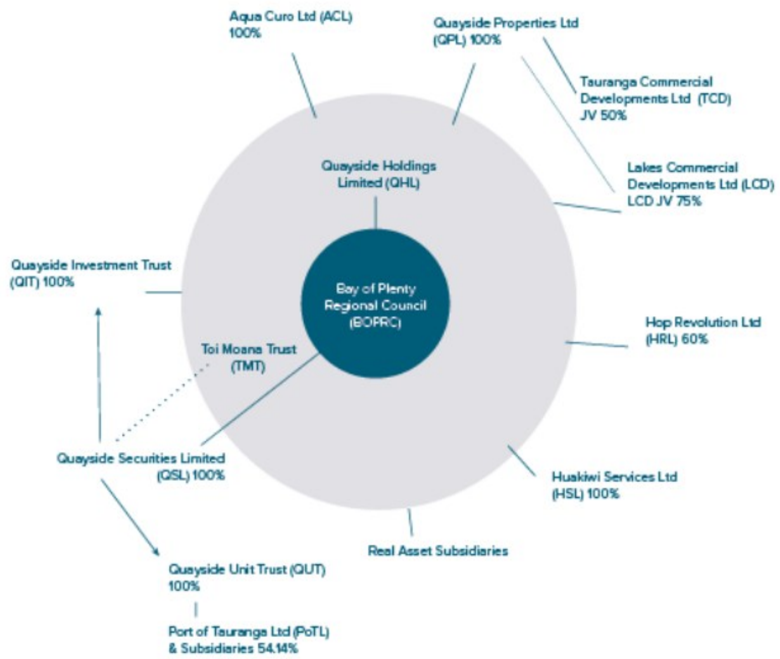
Perpetual Preference Shares

In March 2008, Council sold 200,000,783 Perpetual Preference Shares (PPS) in Quayside to the public at $1 per share.

The shares are listed on the NZX Debt Market (NZDX) and are able to be bought and sold by public shareholders. Shareholders receive a fixed rate of dividend, which is reset every three years. The last reset occurred on 12 March 2023, and the dividend was reset at 6.46%.

Proceeds from the sale of the shares raised $200 million, providing a significant source of funds to meet Council's capital requirements and to assist selected regional infrastructure development, for this LTP 2021-2031 and beyond

Quayside Group Structure



Group Objectives

Every year Quayside as a CCO is required to submit a Statement of Intent. This document outlines the objectives and targets of the Quayside Group. The following objectives were agreed:

- Maximise the Net Present Value of our future dividend.
- Procure and grow a diversified portfolio of assets;
- Provide our shareholder with financial returns to maximise their regional impact;
- Deliver the Rangiuru Business Park strategic vision;
- To maintain a successful and community-respected Port of Tauranga;
- Nurture our reputation as a trusted advisor;
- Be a leader in Responsible Investment;
- Commit and embed ethical and responsible investing practices;
- Our kaimahi are valued, supported and passionate about their work;
- Our kaimahi represent our community in an environment of diversity and inclusiveness;
- Collaboration and mutuality are at the heart of our interactions to generate outcomes;
- Ensure our workplace is safe and fosters wellbeing;
- Our engagement with stakeholders is honest, transparent and respectful;
- Our community understands and supports our purpose; and
- Our recognition of Te Tiriti o Waitangi is meaningful and supports decision making.

Distributions

In the year to 30 June 2023 Quayside made net distributions of $42.5 million to Council and $7 million to Perpetual Preference Shareholders.

Quayside pays distributions to shareholders out of available cash flow. The distributions targeted for the next three years to 30 June are:

Distributed to:	2024/25 (Year 1) Forecast $ million	2025/26 (Year 2) Forecast $ million
Council	$47.0m	$48.0m
Gross Perpetual Preference Shareholders	$13.28m	$13.28m

Governance

Quayside and its subsidiaries are independent from Council in management and governance. Quayside is governed by a Board of Directors.

The directors of Quayside are appointed by Council. The current directors are Dr Warren Parker (Chairman), Stuart Crosby, Te Taru White, Keiran Home, Fiona McTavish, Fraser Whineray, David Fear, and Mark Wynne. The Chief Executive of Quayside is Lyndon Settle.

POTL is publicly listed on the NZX Main Board (NZSX), with directors appointed through its Annual General Meeting.

Toi Moana Trust

Background

Toi Moana Trust was established in 2019 as a portfolio investment entity (PIE) under Quayside Securities Limited as trustee for Quayside Investment Trust, Trust Deed. Its activity is limited to investment into listed assets for commercial return, in accordance with the Trust's Statement of Investment Policy and Objectives (SIPO).

Objectives

Every year the Trust as a CCO is required to submit a Statement of Intent. This document outlines the objectives and states the Trust was established to provide investment management activities for the Bay of Plenty Regional Council's Toi Moana Fund.

- The primary objective is providing optimised long-term investment returns without the restraint of liquidity requirements to Council.
- The secondary objective is to protect the capital value of its investment over the longer term.

Governance

Quayside Holdings Limited has been appointed to be the manager of the Trust. The role of the manager commenced on 1 July 2019. The Manager is responsible for managing the investments in accordance with the guidelines and objectives in the Trust's SIPO.

Distributions

In the year to 30 June 2023 Toi Moana Trust made net distributions of $4.5 million to Council equal to 5% of total portfolio value.

Toi Moana Trust pays distributions are forecasted based on 5% of total portfolio value.

Distributed to:	2024/25 (Year 1) Forecast $ million	2025/26 (Year 2) Forecast $ million
Council	$3.435m	$3.435m

BOPLASS Ltd

Background

The local authorities in the Bay of Plenty and Gisborne regions established BOPLASS Ltd on 15 October 2007. It was established to investigate, develop and deliver shared services, joint procurement and communications where and when they can be done more effectively for any combinations of some or all of the councils.

Objectives

The objective of BOPLASS Ltd as stated in its Statement of Intent is:

"Working together with the full support and involvement of staff, we will provide benefit to Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation."

Nature and scope of activities

The principal nature and scope of the activities of BOPLASS Ltd is to:

- Use joint procurement to add value to goods and services sourced for its constituent Councils;
- Establish the underlying technology, framework, platform and policies to enable and support delivery of Shared Services;
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value;
- Pursue best practice in the management of all activities to obtain best value and minimise risk;
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions or Government funding where available;
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly;
- Actively monitor and engage with shared service developments across the public sector to identify opportunities for further development and establishing best practice; and
- Represent the collective views of its shareholders in matters with which it is associated.

Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Companies Act 1993 and the Local Government Act 2002.

The company is governed by its directors. To ensure total synergy between the company's activities and its local authority shareholders' activities, the nine Directors are also the Chief Executives of their respective shareholding local authorities. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Local Government Funding Agency

Background

The Local Government Funding Agency was established by the Local Borrowing Act 2011. Council became a partner of the Local Government Funding Agency (LGFA) following a public consultation process in 2011. The LGFA provides lower cost borrowing for New Zealand's local authorities than the local authorities could individually acquire through private sector lending institutions.

Nature and scope of activities

LGFA will raise debt funding, either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities and CCO's and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with that business.

Objectives

LGFA operates with the primary objective of optimising the debt funding terms and conditions for participating Local Authorities. This includes:

Providing interest cost savings relative to alternative sources of financing;

- Offer flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services; and Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested;
- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues;
- Assist the local government sector in achieving their sustainability and climate change objectives;
- Improve sustainability outcomes within LGFA;
- Assist the local government sector with significant matters such as COVID-19 response and the proposed Three Water Reform Programme; and
- Supporting councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.

Regional Software Holdings Limited

Background

Council became a shareholder in Regional Software Holdings Limited (RSHL) in 2023. Regional Software Holdings Limited is a separate legal entity. RSHL supports the procurement and development of shared solutions to provide greater consistency across New Zealand and cost effectiveness that cannot be achieved by individual Councils.

Nature and scope of activities

RSHL provides a framework for collaboration across Te Uru Kahika. RSHL operates by facilitating collaborative initiatives between councils and through managed contractual arrangements.

Objectives

The primary objectives of Regional Software Holdings Limited as stated in its statement of intent is:

- The local government sector is better prepared to respond to future challenges;
- Achieve a better return on investment with a focus on quality of outcome and realising the value proposition for the sector;
- Increase credibility of the sector as a trusted deliverer with a unified and consistent sector profile;
- Improve key staff attraction and retention; and
- Achieve consistent good practice processes across the sector and within councils.

The secondary objectives of RSHL are to:

- achieve the objectives of its Shareholders, both commercial and non-commercial as specified in this Statement of Intent;
- be a good employer; and
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when able to do so.

Governance

RSHL will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Local Government Act 2002 and the Companies Act 1993.

The company is governed by a board made up of 6 non-independent and 2 independent directors. Members of RSHL's Board of Directors are appointed by the shareholders to govern and direct RSHL's activities. The Board is the overall final body responsible for all decision-making within the company. The Board is accountable to its shareholders for the financial and non-financial performance of the company.

Quayside Holdings Limited Performance Indicators

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26 [1]	Year Three to Year 10 2026/27 to 2033/34
Quayside Holdings Limited	Maintain a majority holding in the Port of Tauranga Limited	Achieved 54.14% holding at 30 June 2023.	Holding of greater than 50.1% Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy must be sought prior to any change to the current shareholding.	Holding of greater than 50.1% Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy must be sought prior to any change to the current shareholding.	Not available
	Generate commercial returns across the investment portfolio	Achieved Five year rolling gross return of 9.78% for the Quayside consolidated group achieved at 30 June 2023.	Five year rolling gross return target of >/= 7.0% per annum	Five year rolling gross return target of >/= 7.0% per annum	Not available
	Generate long-term commercial returns and/or regional benefit through a portfolio of real assets	Achieved	Pricing and Valuation quarterly meeting to regularly assess individual asset performance	Pricing and Valuation quarterly meeting to regularly assess individual asset performance	Not available
	Generate long-term commercial returns through a portfolio of private equity assets	Achieved	Pricing and Valuation quarterly meeting to regularly assess individual asset performance	Pricing and Valuation quarterly meeting to regularly assess individual asset performance	Not available
	Develop the Rangiuru Business Park to create long term benefit for the Bay of Plenty region. The land at Tauriko is managed as a strategic asset.	Achieved	Quarterly updates by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development. Quayside to engage with Council on future holding of this land to understand strategic rationale.	Quarterly updates by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development. Quayside to engage with Council on future holding of this land to understand strategic rationale.	Not available
	Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial	Achieved	A minimum of two presentations around interim and end of year financials and two workshops per annum to Council, as	A minimum of two presentations around interim and end of year financials and two	Not available

[1] Based on the 2023/24 Statement of Intent

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26 [1]	Year Three to Year 10 2026/27 to 2033/34
Quayside Holdings Limited	decision making as required		shareholders. Participation and engagement in quarterly treasury meetings with Council. Long term forecasting of key financial information and key investment risks provided to Council annually.	workshops per annum to Council, as shareholders. Participation and engagement in quarterly treasury meetings with Council. Long term forecasting of key financial information and key investment risks provided to Council annually.	
	Ensure Group policies and procedures are current and appropriate	Achieved	All policies and procedures reviewed no less than biennially by the Quayside Executive.	All policies and procedures reviewed no less than biennially by the Quayside Executive.	Not available
	Meet shareholders distribution expectations as outlined in the SOI	Achieved	Distributions paid in accordance with the Quayside Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.	Distributions paid in accordance with the Quayside Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI. Quayside will make a recommendation to Council on the use of any special dividends received from the Port.	Not available
	Compliance with NZDX listing requirements for PPS.	Achieved	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.	Disclosures are made in line with continuous disclosure requirements. Board reporting of PPS compliance and monitoring.	Not available
	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Achieved	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Comply with XRB Aotearoa New Zealand Climate Standard Disclosures reporting legislation.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Comply with XRB Aotearoa New Zealand Climate Standard Disclosures reporting legislation.	Not available

Aqua Curo Limited Performance Indicators

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Aqua Curo Limited	Aqua Curo Limited (ACL) keeps the shareholder informed of all significant matters relating to it.	Not Achieved	The ACL board will meet quarterly and will advise any material matters to the shareholder at the earliest opportunity.	The ACL board will meet quarterly and will advise any material matters to the shareholder at the earliest opportunity.	Not Available
	Commercialise the bioremediation of water research and use of biomass.	Achieved	Advance commercial discussions with a minimum of one external party.	Advance commercial discussions with a minimum of one external party.	Not Available
	Establish appropriate commercial structure to deliver to best deliver financial returns to the shareholders.	New Measure	Appropriate business case and resourcing plan to be presented to and approved by the shareholder.	Appropriate business case and resourcing plan to be presented to and approved by the shareholder.	Not Available
	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG.	New Measure	ESG - In 2023/24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI)	Health and Safety target– 0% loss time injury (LTI)	Not Available

Quayside Barnett Place Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Quayside Barnett Place Limited	The Barnett Place property is managed as a commercial asset to generate a return	Not Achieved	The budgeted operating profit on the property is met or exceeded.	The budgeted operating profit on the property is met or exceeded.	Not Available
	The Barnett Place property is maintained to ensure safe use and enjoyment for tenants.	Achieved	The building has the following: • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters	The building has the following: • current building warrant of fitness. • maintenance and risk management plan reasonably practicable steps are taken to address any health and safety matters	Not Available

Quayside The Vault Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Quayside The Vault Limited	The Vault property is managed as a commercial asset to generate a return.	Not Achieved	The budgeted operating profit on the property is met or exceeded.	The budgeted operating profit on the property is met or exceeded.	Not Available
	The Vault property is maintained to ensure safe use and enjoyment for tenants.	Achieved	The building has the following: • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters	The building has the following: • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters	Not Available

Quayside Portside Drive Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Quayside Portside Drive Limited	The Portside Drive property is managed as a commercial asset to generate a return.	Achieved	The budgeted operating profit on the property is met or exceeded.	The budgeted operating profit on the property is met or exceeded.	Not Available
	The Portside Drive property is maintained to ensure safe use and enjoyment for tenants.	Achieved	The building has the following: • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters	The building has the following: • current building warrant of fitness. • maintenance and risk management plan • reasonably practicable steps are taken to address any health and safety matters	Not Available

Quayside Tauriko Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Quayside Tauriko Limited	The Tauriko property is managed as a strategic asset	New Measure	Council and QHL develop a strategic plan for management of the property.	Council and QHL develop a strategic plan for management of the property.	Not Available

Quayside Te Tapu Tipu Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Quayside Te Tapu Tipu Limited	The Sala Street development to move from pre-construction to construction, with completion forecast within the financial year.	New Measure	Construction of commercial offices on site complete by early 2024.	Not Available	Not Available
	The business has effective governance and leadership in health and safety, appropriate for a business in the construction/development industry	New Measure	Contractor prepares Health and Safety monthly reports which are escalated through to directors. Directors actively consider information about incidents, hazards and risks at every Board meeting. All notifiable incidents are reported and managed in accordance with Health and Safety at Work Act 2015.	Contractor prepares Health and Safety monthly reports which are escalated through to directors. Directors actively consider information about incidents, hazards and risks at every Board meeting. All notifiable incidents are reported and managed in accordance with Health and Safety at Work Act 2015.	Not Available

Huakiwi Services Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Huakiwi Services Limited	Developed Orchards	New Measure	Operation of orchards to budgeted income and expense level. Operation of orchards in accordance with Zespri GAP which is based on the internationally recognised GLOBALG.A.P. Standard. Operation of orchards in accordance with principles of the Health & Safety at Work Act 2015.	Operation of orchards to budgeted income and expense level. Operation of orchards in accordance with Zespri GAP which is based on the internationally recognised GLOBALG.A.P. Standard. Operation of orchards in accordance with principles of the Health & Safety at Work Act 2015.	Not Available
	Capital Management	New Measure	Management of the overall Huakiwi project to within the capital agreed by existing and new Limited Partners	Management of the overall Huakiwi project to within the capital agreed by existing and new Limited Partners	Not Available
	Investment return	New Measure	Distribution of profit as agreed by the shareholders.	Distribution of profit as agreed by the shareholders.	Not Available
	ESG	New Measure	Reporting on our environmental, social and governance performance at each board meeting which will include our health & safety performance, our social commitments to iwi and community along with our company governance responsibilities	Reporting on our environmental, social and governance performance at each board meeting which will include our health & safety performance, our social commitments to iwi and community along with our company governance responsibilities	Not Available
Huakiwi Services Limited	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG	New Measure	ESG - In 2023/24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI)	Health and Safety target– 0% loss time injury (LTI)	Not Available

Lakes Commercial Developments Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Lakes Commercial Developments Limited	The Fenton Street Property is managed as a commercial asset to generate a return	Achieved	The budgeted operating profit on the property is met or exceeded.	The budgeted operating profit on the property is met or exceeded.	Not Available
	The Old Taupo Road Property is managed as a commercial asset to generate a return.	Not Achieved	The budgeted operating profit on the property is met or exceeded.	The budgeted operating profit on the property is met or exceeded.	Not Available
	The Properties are maintained to ensure safe use and enjoyment for tenants.	Achieved	The buildings have the following: • current building warrant of fitness. • maintenance and risk management plan reasonably practicable steps are taken to address any health and safety matters	The buildings have the following: • current building warrant of fitness. • maintenance and risk management plan reasonably practicable steps are taken to address any health and safety matters	Not Available
Lakes Commercial Developments Limited	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG	New Measure	ESG - In 2023/24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI)	Health and Safety target– 0% loss time injury (LTI)	Not Available

HRL Property Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
HRL Property Limited	Assess feasibility of property for purpose of forestry & carbon investment.	New Measure	Obtain necessary funds to execute forestry & carbon investment.	Obtain necessary funds to execute forestry & carbon investment.	Not Available
	Assess the feasibility of subdivision of the property	New Measure	Engage specialist consultants to advise on the feasibility of the sub-division and obtain the necessary funds to execute the subdivision.	Engage specialist consultants to advise on the feasibility of the sub-division and obtain the necessary funds to execute the subdivision.	Not Available
	The Property is maintained to ensure safe use and enjoyment for tenants.	New Measure	The property maintains: • Maintenance and risk management plan • Reasonably practical steps to address health and safety matters.	The property maintains: • Maintenance and risk management plan • Reasonably practical steps to address health and safety matters.	Not Available
	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG	New Measure	ESG - In 2023/24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI)	Health and Safety target– 0% loss time injury (LTI)	Not Available

Tauranga Commercial Developments Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Tauranga Commercial Developments Limited	The Property is managed as a commercial asset to generate a long-term return.	Achieved	The budgeted operating profit on the property is met or exceeded until such time as the site is ready for development	The budgeted operating profit on the property is met or exceeded until such time as the site is ready for development	Not Available
	The Property is maintained to ensure safe use.	Achieved	The property follows a maintenance and risk management plan and ensures that reasonably practicable steps are taken to address any health and safety matters	The property follows a maintenance and risk management plan and ensures that reasonably practicable steps are taken to address any health and safety matters	Not Available
	To progress the development at the Property.	Not Achieved	Planning and project feasibility for a new development at the Property progresses, including project feasibility, concept design and early contractor engagement, with the aim to secure an anchor tenant	Planning and project feasibility for a new development at the Property progresses, including project feasibility, concept design and early contractor engagement, with the aim to secure an anchor tenant	Not Available
	Investigate additional opportunities to develop properties in the region.	New Measure	TCD actively investigates and analyses other opportunities in the region.	TCD actively investigates and analyses other opportunities in the region.	Not Available
Tauranga Commercial Developments Limited	Align with Quayside Group strategic objectives as they relate to Health and Safety and ESG	New Measure	ESG - In 2023/24 Quayside Holdings Limited, on behalf of the Quayside Group, will adopt reporting of climate-related disclosures in accordance with the XRB guidelines. As part of this process, the Group will transition to a risk assessment and performance target/reporting model considering materiality at a Group level. This is to be led by Quayside Holdings with particular targets cascaded to subsidiaries as appropriate. Health and Safety target– 0% loss time injury (LTI)	Health and Safety target– 0% loss time injury (LTI)	Not Available

Toi Moana Trust Performance Indicators

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Four to Year 10 2027/28 to 2033/34
Toi Moana Trust	Generate commercial returns across the Investment Portfolio	Achieved	Manage the assets in accord with the Toi Moana SIPO. Annual cash distribution target of net 5% of total portfolio value.	Manage the assets in accord with the Toi Moana SIPO. Annual cash distribution target of net 5% of total portfolio value.	Not available
	Capital preservation	Not achieved	Long term capital preservation over an initial period of five years	Long term capital preservation over an initial period of five years	Not available
	Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Achieved	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially. Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities.	Not available
	Keep Council informed on a no surprises basis, providing quality and timely information.	Achieved	Quarterly reporting on investment fund performance. Timely advice and support to Council as required. Matters of significance are reported to Council at the earliest opportunity.	Quarterly reporting on investment fund performance. Timely advice and support to Council as required. Matters of significance are reported to Council at the earliest opportunity.	Not available
	Meet Shareholders distribution expectations as outlined in SOI or as otherwise agreed.	Achieved	Distributions paid to forecast values where actual financial performance meets/exceeds distribution forecast targets, or by alternative agreement with Council.	Distributions paid to forecast values where actual financial performance meets/exceeds distribution forecast targets, or by alternative agreement with Council.	Not available

BOPLASS Limited Performance Indicators

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Three to Year 10 2026/27 to 2033/34
BOPLASS Limited	Ensure supplier agreements are proactively managed to maximise benefits of BOPLASS councils	Achieved	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through positive procurement process involving two or more vendors where applicable.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through positive procurement process involving two or more vendors where applicable.	Not Available
	Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils	Achieved	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating Councils.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating Councils.	Not Available
	Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties	Achieved	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.	Not Available
	Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase the breadth of BOPLASS collaboration	Achieved	Number of active users to increase by 5% per year	Number of active users to increase by 5% per year	Not Available
BOPLASS Limited	Communicate with each shareholding council at appropriate levels	Achieved	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.	Not Available
	Ensure current funding model is appropriate	Achieved	Performance against budgets reviewed quarterly. Company remains financially viable	Performance against budgets reviewed quarterly. Company remains financially viable	Not Available

Local Government Funding Agency (LGFA) Performance Indicators

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Three to Year 10 2026/27 to 2033/34
Local Government Funding Agency (LGFA)	Comply with the Shareholder Foundation Polices and the Board approved Treasury Policy at all times.	Achieved – No breaches	No breaches	No breaches	Not available
	Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency	Achieved	LGFA credit ratings equivalent to NZ Sovereign.	LGFA credit ratings equivalent to NZ Sovereign.	Not available
	LGFA'S total operating income	Not achieved - total operating income $11.6m as at 30 June 2023	Greater than $19.9 million	Not Available	Not available
	LGFA's total operating expenses	Achieved - operating expenses $9.1m as at 30 June 2023	Less than $10.6 million	Not Available	Not available
	Share of aggregate long-term debt funding to the Local Government sector.	Achieved - 93.3% as at 30 June 2023	Greater than 80%	Greater than 80%	Not available
	Total lending to Participating Borrowers	Achieved - $16,314 million as at 30 June 2023	Not available	Not available	Not available
	Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by the LGFA to the borrowing activities	Achieved	Greater than 85% satisfaction score	Greater than 85% satisfaction score	Not available
	Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	Achieved	100%	100%	Not available
	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	Achieved	100%	100%	Not available
	Comply with the Health and Safety at Work Act 2015	Achieved – No breaches	No breaches	No breaches	Not available

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Three to Year 10 2026/27 to 2033/34
Local Government Funding Agency (LGFA)	Maintain Toitū Carbon Zero certification.	Achieved	Carbon-zero certification maintained.	Carbon-zero certification maintained.	Not available
	Meet reduction targets outlined in our carbon reduction management plan.	Achieved	Reduction targets met.	Reduction targets met.	Not available
	Increase our GSS lending book and Climate Action Loans (CALs)	Achieved - three new participating borrowers approved for GSS lending	Not available.	Not available	Not available
	Ensure Annual Report is prepared in compliance with applicable GRI Standards.	Achieved	100%	100%	Not available
	Meet all mandatory climate reporting standards	Achieved	100%	100%	Not available
	Review each Participating Borrower's financial position	Achieved	100%	100%	Not available
	Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	Achieved	100%	100%	Not available

Regional Software Holdings Limited

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Three to Year 10 2026/27 to 2033/34
Regional Software Holdings Limited	Undertake an annual survey of IRIS NextGen users in Participating Councils in relation to product performance, Datacom support and RSHL Programme Management. Provide a summary of the survey results in the annual report, including performance against the baseline. Survey results to be the same or better than the previous year.	Achieved	Complete survey. Results to be better than previous year.	Complete survey. Results to be better than previous year.	Not available.
	Budgets for IRIS support and development are approved by the IRIS Advisory Group and Board by 30 June each year. Delivery within these budgets is effectively managed by the Advisory Group and the Chief Executive.	Achieved	Applies each year.	Applies each year.	Not available.
	Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System. Revenue and Expenditure for Sector Financial Management System (SFMS) Programmes are within budget, with any variations approved by the RCEOs. Annual Survey of Programme Leads in relation to SFMS Management presented to RCEOs in June. Survey results to be the same or better than the previous year.	Achieved Achieved Not previously measured[2]	Complete survey. Results to be better than previous year.	Complete survey. Results to be better than previous year.	Not available.
	Effectively support the activities of the Te Uru Kahika through the Regional Sector Office. Annual survey of RCEOs in relation to performance of the sector office presented to RCEOs in June	Achieved Not previously measured[2]	Survey results to be the same or better than the previous year.	Survey results to be the same or better than the previous year.	Not available.
	Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager	Achieved	Applies each year.	Applies each year.	Not available.
	Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group.	Achieved	Applies each year.	Applies each year.	Not available.

[2] This has been set as one measure in the 2023-2034 Long Term Plan, only a portion was measured as at 30 June 2023.

Council-Controlled Organisation	Key performance indicators	Result at 2022/23	Year One 2024/25[1]	Year Two 2025/26[1]	Year Three to Year 10 2026/27 to 2033/34
Regional Software Holdings Limited	RSHL will operate within approved budget, with any material variations approved by the relevant governance group. • RSHL Overheads – RSHL Board. • IRIS NextGen Programme – IRIS NextGen Steering Group • IRIS Programme – IRIS Advisory Group • Sector Financial Management System –RCEOs Group	Achieved	Applies each year.	Applies each year.	Not available.
	Annual charges for shareholders and customers to be at the level approved by the relevant governance group. Based upon the approved operating budget and budgets. • RSHL Overheads – RSHL Board. IRIS NextGen Programme – IRIS NextGen Steering Group IRIS Programme – IRIS Advisory Group Sector Financial Management System – RCEOs Group	Achieved	Applies each year.	Applies each year.	Not available.
	Monitor the regional sector and explore/ respond to opportunities to expand the customer and/or shareholder base of RSHL.	Achieved	Applies each year.	Applies each year.	Not available.
	Work with the Te Uru Kahika Network to develop shared service opportunities.	Achieved	Applies each year.	Applies each year.	Not available.
	Engage with councils in the regional sector to increase the scope of the usage of shared solutions. The objective is to increase the number of councils using the solutions, and the breadth of the solution in use.	Achieved	Applies each year.	Applies each year.	Not available.

Funding Impact Statements
Ngā Pūrongo Pānga Tuku Pūtea

The Funding Impact Statements on the following pages are presented for compliance with Local Government (Financial Reporting and Prudence) Regulations 2014. In accordance with the regulations, the information presented is incomplete and not prepared in compliance with generally accepted accounting practice. It should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting and Prudence) Regulations 2014. The key differences between the Funding Impact Statements and the Statement of Comprehensive Revenue and Expense are: depreciation and vested assets are excluded from all Funding Impact Statements; and the Group of Activities Funding Impact Statement includes internal borrowing.

Bay of Plenty Regional Council: Funding impact statement for 2024-2034 long-term plan (whole of council)

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Sources of operating funding										
40,247	General rates, uniform annual general charges, rates penalties	45,839	50,195	54,976	55,486	56,187	56,491	56,689	58,564	60,793	62,174
39,109	Targeted rates	45,821	49,120	48,421	52,439	53,259	56,956	57,981	58,984	62,901	63,192
26,542	Subsidies and grants for operating purposes	29,553	29,045	28,467	34,540	35,407	39,693	40,977	43,455	47,027	47,905
12,196	Fees and charges	13,245	13,383	13,732	14,078	14,447	14,932	15,237	15,678	15,931	15,792
56,598	Interest and dividends from investments	60,527	60,637	59,457	59,205	59,777	61,041	62,353	63,693	64,023	64,237
3,584	Local authorities fuel tax, fines, infringement fees, and other receipts	3,780	3,781	3,890	3,945	4,043	4,145	4,165	4,234	4,304	4,272
178,276	**Total operating funding (A)**	**198,764**	**206,162**	**208,944**	**219,693**	**223,121**	**233,260**	**237,401**	**244,609**	**254,980**	**257,572**
	Applications of operating funding										
164,670	Payments to staff and suppliers	176,901	178,275	180,222	190,498	193,023	202,397	206,039	212,942	220,191	222,902
10,453	Finance costs	14,109	14,085	13,279	12,332	11,607	11,506	11,448	11,363	11,218	11,093
-	Other operating funding applications	55	55	55	55	55	55	55	55	55	55
175,123	**Total applications of operating funding (B)**	**191,065**	**192,416**	**193,556**	**202,885**	**204,685**	**213,958**	**217,542**	**224,359**	**231,464**	**234,049**
3,153	**Surplus (deficit) of operating funding (A - B)**	**7,699**	**13,746**	**15,388**	**16,808**	**18,436**	**19,302**	**19,860**	**20,249**	**23,515**	**23,522**

Bay of Plenty Regional Council: Funding impact statement for 2024-2034 long-term plan (whole of council) continued

Annual Plan 2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Sources of capital funding										
5,832	Subsidies and grants for capital expenditure	1,547	1,000	1,000	-	-	-	-	-	-	-
23,900	Increase (decrease) in debt	32,374	18,802	16,647	(39,928)	(285)	(1,404)	(1,456)	(1,685)	(739)	(1,933)
-	Other dedicated capital funding	1,700	-	-	-	-	-	-	-	-	-
29,732	**Total sources of capital funding (C)**	**35,621**	**19,802**	**17,647**	**(39,928)**	**(285)**	**(1,404)**	**(1,456)**	**(1,685)**	**(739)**	**(1,933)**
	Applications of capital funding										
	Capital expenditure										
21,758	- to improve the level of service	20,184	17,999	16,839	7,460	6,797	5,519	5,359	7,805	9,340	5,403
8,249	- to replace existing assets	9,276	11,032	10,884	2,845	3,843	3,991	4,674	2,788	3,070	6,527
2,165	Increase (decrease) in reserves	(16,675)	4,376	5,141	(7,128)	(2,661)	8,211	8,198	7,786	10,177	9,474
713	Increase (decrease) of investments	30,536	141	171	(26,296)	10,172	176	173	185	189	185
32,885	**Total applications of capital funding (D)**	**43,320**	**33,548**	**33,036**	**(23,120)**	**18,152**	**17,898**	**18,404**	**18,564**	**22,776**	**21,589**
(3,153)	**Surplus (deficit) of capital funding (C - D)**	**(7,699)**	**(13,746)**	**(15,388)**	**(16,808)**	**(18,436)**	**(19,302)**	**(19,860)**	**(20,249)**	**(23,515)**	**(23,522)**
-	**Funding balance ((A - B) + (C - D))**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Note: This financial statement excludes:										
10,293	Depreciation and amortisation	9,666	10,067	9,668	9,955	10,172	9,788	8,974	8,988	8,956	9,082

Rates Funding Impact Statements
Ngā Pūrongo Pānga Pūtea Reiti

Introduction

Bay of Plenty Regional Council (Council) has prepared this Funding Impact Statement in accordance with Clause 15, Part 1 of Schedule 10 of the Local Government Act 2002. Examples of the impact of rating proposals on the rates assessed on different categories of land are included in the LTP 2024-2034 introduction section.

In accordance with clause 15(6) of schedule 10 of the Local Government Act 2002 the sources of funding as set out in this Rates Funding Impact Statement are intended to be used for all years of the LTP apart from the Rotorua Lakes Targeted Rate which is intended to be set for years 1-3 only.

All 2024/25 rates tables are GST inclusive.

General rates

General rates based on land value

The general rate is set differentially in accordance with Sections 13 and 131 of the Local Government (Rating) Act 2002. The categories of rateable land have been defined based on where the land is situated. The general rate is set based on where the land is situated and calculated using on the projected equalised land value of all rateable land in the districts of the constituent territorial authorities. The general rate is effectively the same rate per dollar value; the differences in the rate in the dollar for each constituent district are a reflection of using equalised values to correct for the differing revaluation dates.

General Rates **Land Value**	**$20,725,786**
Constituent Authority	**Rates expressed as cents per dollars of rateable land value**
Kawerau	0.023270
Ōpōtiki	0.021167
Rotorua (Part)	0.025716
Taupō (Part)	0.021167
Tauranga	0.021273
Western Bay of Plenty	0.021167
Whakatāne	0.021167
Offshore Islands	0.021167

Uniform annual general charge

In addition, a Uniform Annual General Charge (UAGC) is set in accordance with Section

15(1)(a) of the Local Government (Rating) Act 2002 for all rateable land within the region. It is calculated as a fixed amount per rating unit.

Uniform Annual General	$30,658,144
Fixed amount per rating unit	$224.58

Major Rivers and Drainage Scheme targeted rates

Scheme rating maps for all major rivers and drainage schemes are available from Council. For detail on how to access these maps visit our website www.boprc.govt.nz

The targeted rates are set for the Flood Protection and Control Group of Activities.

Kaituna Catchment Control Scheme targeted rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land situated in the Kaituna Catchment Control Scheme area within the Tauranga, Western Bay of Plenty and Rotorua constituent districts. The categories of rateable land have been defined based on where the land is situated.

The two targeted rates are set as follows;

(i) Where the land is situated, and calculated using the area of land of each rating category within the rating unit,

(ii) Where the land is situated and calculated as a fixed amount based on the rating category within which the rating unit is situated.

Kaituna Catchment Control Scheme targeted rates			
Category	Rate per hectare $	Site component $	Revenue sought $
A1P	423.26	423.26	850,219
A2P	338.61	380.94	50,904
A3P	253.96	338.61	43,140
A4P	169.30	296.28	47,012
A1	338.61	317.45	209,731
A2	275.12	275.12	98,499
A3	211.63	275.12	98,899
A4	148.14	275.12	59,031
A5	126.98	275.12	164,413
A6	105.82	232.79	40,843
A7	76.19	211.63	39,099
A8	50.79	N/A	5,614
A9	16.93	N/A	1,473
A10	8.47	N/A	1,403
A11	4.23	N/A	1,028
B1	50.79	126.98	43,607
B2	38.09	105.82	13,652
B3	21.16	84.65	39,367
B4	12.70	63.49	69,689
B5	8.47	63.49	125,640

Category	Rate per hectare $	Site component $	Revenue sought $
C1	12.70	63.49	12,691
C2	7.41	63.49	211,883
C3	5.08	63.49	58,414
C4	4.23	N/A	8,929
C6R	2.54	N/A	2,744
C8	1.69	42.33	11,169
C5	5.08	42.33	215,032
C6	2.96	33.86	32,717
C7	1.69	126.98	4,661
C9	1.27	33.86	5,367
R01	84.65	169.30	42,993
R02	N/A	126.98	126,979
R03	63.49	52.91	1,269,869
TP1	42.33	63.49	187,816
Total			**4,194,527**

**N/A = Not Applicable*

Rangitāiki-Tarawera Rivers Scheme targeted rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land situated in the Rangitāiki-Tarawera Rivers Scheme catchment within the Whakatāne, Kawerau, Rotorua and Taupō constituent districts.

The targeted rate is set as based on where the land is situated, and calculated using the area of land of each rating category within the rating unit as follows.

Rangitāiki-Tarawera Rivers Scheme targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A1	231.65	1,882,821
A2	164.09	258,065
A3	125.48	229,974
A4	96.52	110,495
A5	82.04	564,752
A6	28.96	4,788
B1	144.78	309,964
B2	115.83	56,221
B3	86.87	61,645
B4	67.56	579,752
B5	48.26	77,357
B6	17.37	642
B7	13.51	2,428
C1	12.55	99,035
C2	8.69	449,077
C3	2.90	274,578
C4	1.93	121,045
C5	1.45	31,183
U1	7,383.85	291,654
U2	6,949.51	400,094
U3	1,254.77	31,480
U4	820.43	646,931
U5	579.13	58,983
Total		**6,542,964**

Whakatāne-Tauranga Rivers Scheme targeted rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 ofthe Local Government (Rating) Act 2002 for all rateable land situated in the Whakatāne-Tauranga Rivers Scheme catchment within the Whakatāne constituent district. The categories of rateable land have been defined based on where the land is situated.

The two targeted rates are set as follows;

(i) Where the land is situated, and calculated using the area of land of each rating category within the rating unit,

(ii) (ii) Where the land is situated and calculated as a fixed amount based on the rating category within which the rating unit is situated.

Whakatāne-Tauranga Rivers Scheme targeted rates			
Category	**Rate per hectare $**	**Site component $**	**Revenue sought $**
A1	290.91	290.91	214,981
A2	246.16	246.16	97,770
A3	201.40	212.59	320,969
A4	167.83	190.21	515,520
A5	123.08	N/A	29,720
A6	89.51	156.64	39,636
A7	67.13	134.27	50,547
A8	44.76	123.08	109,979
A9	22.38	N/A	2,890
B1	100.70	N/A	222,312
B2	55.94	100.70	158,386
B3	44.76	67.13	87,314
B4	33.57	55.94	15,057
B5	4.48	N/A	2,012
C1	13.43	111.89	61,308
C2	8.95	44.76	88,825
C3	6.71	44.76	63,410
C4	4.48	11.19	10,520
C5	2.24	11.19	54,368
U1	1,007.00	302.10	808,755
U2	738.47	234.97	233,807
U3	391.61	156.64	366,453
U4	246.16	134.27	183,411
U5	22.38	N/A	15
Total			**3,737,965**

Waioeka-Otara Rivers Scheme target rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land situated in the Waioeka-Otara Rivers Scheme catchment within the Opotiki constituent district. The categories of rateable land have been defined based on where the land is situated.

The two targeted rates are set as follows;

(i) Where the land is situated, and calculated using the area of land of each rating category within the rating unit,

(ii) Where the land is situated and calculated as a fixed amount based on the rating category within which the rating unit is situated

Waioeka-Otara Rivers Scheme targeted rates

Category	Rate per hectare $	Site component $	Revenue sought $
A1A	403.28	465.33	23,991
A2	217.15	341.24	29,579
A2A	310.22	387.77	14,016
A3	186.13	279.20	140,426
A3A	248.17	341.24	7,125
A4	155.11	217.15	83,690
A4A	201.64	279.20	4,695
A5	139.60	217.15	64,333
A6	108.58	217.15	988
A7	93.07	217.15	11,006
A8	77.55	217.15	101,214
B1	62.04	N/A	16,734
B2	9.31	N/A	159
C1	15.51	186.13	45,564
C2	9.31	186.13	15,876
C3	6.20	155.11	15,267
C4	4.65	62.04	22,157
C5	3.10	62.04	3,443
C6	1.24	62.04	11,124
R	3.10	N/A	294
U1AC	1,861.30	1,364.95	55,136
U1AR	930.65	682.48	77,765
U1C	1,489.04	1,116.78	164,427
U1R	744.52	558.39	472,201
U2AC	1,364.95	992.69	17,229
U2AR	682.48	496.35	58,369
U2C	992.69	868.61	11,241
U2R	496.35	434.30	133,869
U3R	124.09	248.17	104,156
Total			**1,706,074**

Rangitāiki Drainage targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land in the defined Rangitāiki Drainage Rating Area situated on the Rangitāiki Plains within the Whakatāne constituent district.

The targeted rate is set based on where the land is situated, and calculated using the area of land of each rating category within the rating unit as follows:

Rangitāiki Drainage targeted rates

Category	Rate per hectare $	Revenue sought $
A	94.29	729,602
B	84.86	94,338
C	79.20	114,468
D	68.83	421,509
E	56.57	154,283
F	42.43	104,948
G	32.06	119,648
H	23.57	2,627
I	11.31	8,706

Category	Rate per hectare $	Revenue sought $
U1	188.58	44,619
U2	94.29	5,748
Total		**1,800,496**

Passenger Transport targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 as an amount per rating unit on all rateable properties within the defined boundaries of Tauranga City, urban Rotorua,

Western Bay district and the Whakatāne district.
The different rate in each location reflects the Passenger Transport services provided in each location. The targeted rates are set for the Transportation Group of Activities – Transport Service Deliveries.

The passenger transport targeted rate is set as based on where the rateable unit is situated as follows:

Passenger Transport targeted rate		
Category	**Rate per rating unit $**	**Revenue sought $**
Tauranga City	282.02	17,321,386
Rotorua Urban	168.07	3,776,731
Western Bay District	43.96	1,040,888
Whakatāne District	45.87	724,910
Total		**22,863,915**

Rotorua Lakes targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating Act) 2002 for all rateable properties over the whole area of land of Rotorua District within the Bay of Plenty Regional Council region, with categories of land further defined by the area of land within the rating unit.

The targeted rates is set for the Healthy Catchments Group of Activities – Rotorua Catchments Activity.
The Rotorua Lakes targeted rate is set based on the area of land within the rating unit as follows.

Rotorua Lakes Programme targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
0 - 1.9999ha	162.60	4,206,825
2 - 9.9999ha	375.51	247,084
10ha and over	1,206.63	871,186
Total		**5,325,095**

Rotorua Air - Clean Heat Conversion targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for rateable properties within the Rotorua Airshed Area and who have received loans from the Council for installing cleaner heat alternatives.

The liability is calculated on the type of conversion installed, the loan amount, and interest rate, provided under the Clean Heat Conversion scheme. The Rotorua Air Clean Heat Conversion targeted rate is set as follows:

Rotorua Air Clean Heat Conversion targeted rates		
Category	**Rate per rating unit $**	**Revenue sought $**
CH001	680.00	38,760
CH002	660.00	17,160
CH003	640.00	17,920
CH004	620.00	11,780
CH005	600.00	13,200
CH006	580.00	6,960
CH007	560.00	6,720
CH008	540.00	10,800
CH009	520.00	2,600
CH010	500.00	3,500
CH011	480.00	2,880
CH1	460.00	22,540
CH2	455.00	2,275
CH3	450.00	4,950
CH4	445.00	2,670
CH5	440.00	6,160
CH6	435.00	1,740
CH7	430.00	3,010

Category	Rate per rating unit $	Revenue sought $
CH8	425.00	1,700
CH9	420.00	4,620
CH10	415.00	2,905
CH11	410.00	2,870
CH12	405.00	2,430
CH13	400.00	2,400
CH14	395.00	1,580
CH15	390.00	780
CH16	385.00	770
CH17	380.00	1,900
CH18	375.00	1,875
CH19	370.00	1,480
CH20	365.00	1,460
CH21	360.00	2,520
CH22	355.00	2,130
CH23	350.00	2,450
CH24	345.00	3,105
CH25	340.00	1,360
CH26	335.00	2,345
CH27	330.00	1,650
CH28	325.00	4,875
CH29	320.00	3,200
CH30	315.00	1,260
CH31	310.00	2,480
CH32	305.00	1,220
CH33	300.00	1,800
CH34	295.00	2,655

Category	Rate per rating unit $	Revenue sought $
CH35	290.00	5,800
CH36	285.00	2,280
CH37	280.00	3,360
CH38	275.00	2,750
CH39	270.00	5,940
CH40	265.00	795
CH41	260.00	1,560
CH42	255.00	2,550
CH43	250.00	1,500
CH44	245.00	2,695
CH45	240.00	1,440
CH46	235.00	2,820
CH47	230.00	2,760
CH48	225.00	13,050
TOTAL		**284,745**

Civil Defence Emergency Management targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 as an amount per rating unit on all rateable properties within the defined boundaries of Kawerau, Opotiki, Rotorua, Tauranga, Western Bay of Plenty and Whakatane constituent districts and calculated on where the rateable unit is situated.

The targeted rate is set for the Regulatory Services Group of Activities – Emergency Management Activity.

Civil Defence Emergency Management targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
Kawerau	45.98	133,979
Ōpōtiki	42.95	229,226
Rotorua	43.06	1,173,573
Tauranga	40.82	2,506,977
Western Bay of Plenty	40.13	950,163
Whakatāne	45.40	717,589
Total		**5,711,507**

Regional Safety and Rescue Services targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 as an amount per rating unit on all rateable properties within the defined boundaries of Kawerau, Ōpōtiki, Rotorua, Tauranga, Western Bay of Plenty and Whakatāne constituent districts and calculated on where the rateable unit is situated.

The targeted rate is set (based on where a rating unit is situated) for the Democracy, Engagement and Community Engagement Group of Activities – Community Engagement Activity.

Regional Safety and Rescue Services targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
Kawerau	1.00	2,903
Ōpōtiki	1.49	7,977
Rotorua	1.99	54,317
Tauranga	2.49	152,990
Western Bay of Plenty	1.99	47,183
Whakatāne	1.99	31,496
Total		**296,866**

Minor Rivers and Drainage Schemes targeted rates

Council sets and collects rates from three minor rivers and drainage schemes situated in the Ōpōtiki area, and from 34 minor communally pumped drainage schemes situated on the Rangitāiki Plains.

Scheme rating maps for all minor schemes are available from Council. To see these maps visit our website www.boprc.govt.nz

Minor Rivers and Drainage Schemes targeted differential rates

Targeted rates are set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land situated in the defined communal pumped drainage and defined minor rivers and drainage schemes.

Council sets one targeted rate on where the land is situated and calculated using the area of land within the rating unit.

Ōpōtiki

The following tables detail rate requirements for the three Ōpōtiki-based minor rivers and drainage scheme

Waiotahi River District targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	51.32	5,574
B	41.06	6,676
C	30.79	5,887
D	17.11	930
E	10.26	779
F	5.13	969
Total		**20,815**

Huntress Creek Drainage District targeted rates		
Category	Rate per hectare $	Revenue sought $
A	70.18	14,792
B	53.81	4,269
C	35.09	2,547
D	23.39	1,247
E	16.38	536
F	7.02	2,370
Total		**25,761**

Waiotahi Drainage District targeted rates		
Category	Rate per hectare $	Revenue sought $
A	19.65	1,678
B	16.37	3,403
C	13.10	827
D	9.82	441
E	6.55	28
F	3.27	754
Total		**7,131**

Rangitāiki Plains

The following tables detail rate requirements for minor communally pumped drainage schemes on the Rangitāiki Plains.

Awaiti West Pumped Drainage Scheme targeted rate		
Category	Rate per hectare $	Revenue sought $
A	97.83	1,233
B	45.00	6,624
C	19.57	3,861
D	9.78	472
Total		**12,190**

Omeheu Adjunct Communal Pumped Drainage Scheme targeted rates		
Category	Rate per hectare $	Revenue sought $
A	58.77	604
B	44.08	3,533
C	32.32	1,800
D	17.63	1,540
E	8.82	478
F	2.94	69
URBAN	155.74	6,697
Total		**14,721**

Murray's Communal Pumped Drainage Scheme rates		
Category	Rate per hectare $	Revenue sought $
A	38.56	4,795
B	27.76	329
C	24.68	1,008
D	10.80	423
Total		**6,555**

Minor Drainage Schemes uniform targeted rates

Targeted rates are set uniformly in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land situated in the defined drainage and defined minor rivers and drainage schemes.

Council sets a uniform targeted rate in each category which is based on where the land is situated and calculated based on the area of the land.

Minor Drainage Schemes targeted uniform rates		
Category	Rate per hectare $	Revenue sought $
Awakeri	64.46	18,400
Baird-Miller	125.35	17,250
Foubister	142.46	14,950
Gordon	N/A	N/A

Category	Rate per hectare $	Revenue sought $
Hyland-Ballie	51.19	12,075
Greigs Road	33.84	24,151
Riverslea Road	N/A	N/A
Kuhanui	126.14	10,465
Luxton	N/A	N/A
Martin	29.25	3,910
Massey	59.31	25,300
Mexted-Withy	68.21	18,975
Noord-Vierboon	23.61	2,760
Pedersen - Topp	30.18	3,450
Platts	38.39	14,145
Robins Road	92.29	17,250
Thompson-Ernest	36.03	19,550
Travurzas	13.36	2,645
Wylds	25.71	4,830
Awaiti East	262.27	37,375
Total		**320,851**

Lump Sum Contributions

Council will not be inviting lump sum contributions for any targeted rates.

Examples of 2024/25 General and Targeted rates

The examples show the impact of general and targeted rates for a range of property values and sizes for different rating categories.

Kawerau				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	129,000	500	254.60	88.00
Middle	165,000	1,000	262.97	129.02
Upper	185,000	2,000	267.63	211.06

Ōpōtiki				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	215,000	500	270.09	617.73
Middle	305,000	1,000	289.13	654.95
Upper	530,000	2,000	336.77	729.40

Rotorua (Part)				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	190,000	500	273.44	429.89
Middle	240,000	1,000	286.29	433.07
Upper	355,000	2,000	315.87	439.42

Tauranga				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	435,000	500	317.11	325.33
Middle	555,000	1,000	342.64	325.33
Upper	785,000	2,000	391.58	325.33

Western Bay of Plenty				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	460,000	500	321.94	150.42
Middle	680,000	1,000	368.52	152.54
Upper	1,030,000	2,000	442.60	156.77

Whakatāne				
	Land Value $	Land Area m2	General Rates	Targeted Rates
Lower	240,000	500	275.38	443.69
Middle	375,000	1,000	303.96	658.18
Upper	580,000	2,000	347.35	1,087.15

Schedule to Funding impact statement - rates requirement

	Annual Plan 2023/24 $000	2024-2034 Long Term Plan 2024/25 Year 1 $000	2025/26 Year 2 $000	2026/27 Year 3 $000	2027/28 Year 4 $000	2028/29 Year 5 $000	2029/30 Year 6 $000	2030/31 Year 7 $000	2031/32 Year 8 $000	2032/33 Year 9 $000	2033/34 Year 10 $000
GENERAL RATES											
General rates based on land value	17,166	18,022	20,356	23,802	22,942	23,182	22,292	22,131	23,152	23,548	24,425
Uniform annual general charge	23,289	26,659	28,682	30,018	31,387	31,848	33,043	33,401	34,255	36,089	36,592
Rates remissions	(208)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)
Total general rates	**40,247**	**44,232**	**48,588**	**53,369**	**53,879**	**54,580**	**54,884**	**55,082**	**56,957**	**59,186**	**60,567**
TARGETED RATES											
Rotorua Lakes Activity targeted rate	4,008	4,631	3,513	1,487	-	-	-	-	-	-	-
Kaituna Catchment Control Scheme targeted rate	2,896	3,647	4,244	4,582	4,782	4,884	5,015	5,194	5,309	5,362	5,117
Rangitaiki-Tarawera Rivers Scheme targeted rate	5,123	5,690	6,098	6,502	7,119	7,226	7,348	7,473	7,602	7,732	7,781
Whakatāne-Tauranga Rivers Scheme targeted rate	2,273	3,250	3,688	4,340	4,662	4,789	4,916	5,018	5,075	5,111	4,721
Waioeka-Otara Rivers Scheme targeted rate	1,512	1,484	1,652	1,735	1,795	1,844	1,881	2,010	2,045	2,154	2,239
Rangitaiki Drainage Schemes targeted rate	1,393	1,566	1,654	1,762	1,826	1,873	1,923	1,972	2,014	2,031	1,946
Minor Rivers and Drainage Schemes targeted rate	678	797	831	866	879	893	907	919	933	947	939
Rotorua Air Quality targeted rate	65	-	-	-	-	-	-	-	-	-	-
Rotorua Air - Clean Heat Conversion targeted rate	309	253	200	166	143	93	75	25	3	-	-
Tauranga Passenger Transport targeted rate	13,340	15,062	17,656	16,978	19,922	19,861	21,969	21,974	22,102	24,166	24,563
Rotorua Passenger Transport targeted rate	2,371	3,284	2,990	3,102	3,181	3,262	3,349	3,359	3,377	3,386	3,344
Western Bay Passenger targeted rate	701	905	1,040	1,081	2,158	2,362	3,294	3,589	3,913	5,261	5,688
Whakatāne Passenger Transport targeted rate	462	630	746	777	791	839	825	836	858	875	878

	Annual Plan	2024-2034 Long Term Plan									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
TARGETED RATES continued											
Community Engagement - Regional Safety and Rescue Services (RSRS) targeted rate	452	258	265	284	295	300	297	301	309	319	327
Civil Defence Emergency Management targeted rate	3,984	4,967	5,093	5,275	5,379	5,477	5,583	5,685	5,797	5,907	5,997
Rates remissions	(211)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)
Total targeted rates	**39,418**	**46,074**	**49,320**	**48,587**	**52,582**	**53,353**	**57,032**	**58,005**	**58,987**	**62,901**	**63,190**
Total rates	**79,665**	**90,306**	**97,908**	**101,956**	**106,461**	**107,933**	**111,916**	**113,087**	**115,944**	**122,087**	**123,757**
Reconciliation to the Financial Statements Rotorua Air – Clean Heat Conversion targeted rate*	(309)	(253)	(200)	(166)	(143)	(93)	(75)	(25)	(3)	-	-
Total rates per the Prospective Statement of Revenue and Expense	**79,356**	**90,053**	**97,708**	**101,790**	**106,318**	**107,839**	**111,841**	**113,062**	**115,942**	**122,087**	**123,757**

***Accounting treatment of the Clean Heat Conversion Targeted rate has changed**

Significant Forecasting Assumptions
Ngā Whakapae Matapae Nui

Introduction

A number of forecasting assumptions have been used in developing this LTP 2024-2034. Significant forecasting assumptions are explained below.

Risks have been identified, and significant risks are included in the Financial Strategy. They demonstrate sensitivity on investment income, investment interest rates and dividends received.

General assumptions with a low risk on the impact to cost drivers in the LTP 2024-2034 are outlined in the Financial Strategy. These assumptions include population change, Central Government policy and decisions and Council's position on external borrowing.

Assumptions on how revenue is applied to activities is determined by the Revenue and Financing Policy.

Following each local body election, the risk arises that newly-elected Councillors may change their priorities to meet the needs of the community. The next election will be held in 2025.

Forecasting assumptions

Assumptions have come from:

- Legislative requirements
- Council's funding and financial policies
- Relevant financial reporting standards
- Approved asset management plants
- Demographic and economic information
- Industry best practices and norms

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
Organisational assumptions			
1	**Local government structure in the Bay of Plenty** We assume there will be no change to the current local government structure in the Bay of Plenty, including one regional council and seven district/city councils. The review into the Future for Local Government has been completed and the final report He piki tūranga, he piki kōtuku was released in June 2023. The report recognises that change is required, and that local government needs to own and drive the change, so it is fit for the future. Two structural models are proposed a New Unitary and a Combined Network. Estimated time to complete the structural and operating model changes is 12-18 months. The change in government provides a degree of uncertainty as to whether this report will translate into legislative change.	High	Changes in the purpose and role of local government will have implications on current service delivery and financials subject to the structure model adopted by the BOP region. There could be significant restructuring or re-organisation as to how services are delivered which could result in additional costs to implement.
2	**Governance structure** We assume that there will be no change in Council structure, including the Chairman, Deputy Chair, nine Councillors and three Māori Councillors in the first three years of this plan. A representation review is scheduled for 2024; this may impact the future Governance structure. Any change in Governance Structure will be impacted by any change in Local Government structure for the Bay of Plenty as noted in 1. above.	Medium	The representation review may have financial implications subject to the model proposed and the determination of the Local Government Commission. Any change will be effective at the next local government elections in 2025.
3	**Impacts on our work programme** We assume a change in local government structure and responsibilities will not significantly affect our work programme before 1 July 2027.	Low	-
4	**Availability of staff/contractors** We assume that we will be able to find and retain skilled staff and contractors to undertake the work required, to the agreed standards, deadlines and cost. There may be short periods when individual positions are vacant to allow for recruitment etc and a vacancy factor of 9% has been applied to staff costs.	Low	-
5	**Business continuity planning** We assume that we will be able to continue operating to deliver essential services to the community in the event of a disaster. Experiences with White Island and Covid-19 have provided further evidence of this.	Low	-
6	**Delivery of Capital Work Programme** We assume that the capital work programme will be delivered per the budgets identified in the LTP 2024-2034. Delivery of capital work programmes can be impacted by delays due to weather, consultation or contractors. Sufficient planning and monitoring processes are in place to moderate capital work programme and corresponding budget.	Medium	Failure to deliver annual capital work programme can result in increased costs due to inflation, and potential interest costs or loss of interest revenue as funding arranged for projects that did not occur.
7	**Project management** We assume that the projects in the LTP 2024-2034 will be within costs, quality and the timeframes specified. Projects have appropriate contingencies included within their budget.	Medium	Higher inflation, and contractor availability impacts on the project costs and ability to deliver on time. The ongoing impacts of climate change can result in the reprioritisation of resources in emergencies

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
Environmental assumptions			
8	**Climate Change** We assume there will be some changes to rainfall and other climactic patterns primarily affecting flood control. An extreme rainfall event is >240mm in 24 hours. Based on this NIWA have estimated this is 1.5 times more likely occur by 2040. Sea level rise is projected to rise by 0.28 metre by 2040. Summer 2023 experienced significant above average rainfall. This was managed in the floodable areas through the network of pumping systems. This approach proved effective, and use of the pumps did result in increased operating costs. Sea level rise will reduce the effectiveness of coastal protection structures, increasing the exposure of coastal settlements to coastal inundation. Exposure to sea level rise and storm intensity will result in increased erosion to coastal protection structures and flood protection structures. Maintenance of these assets is managed through the asset management plans. Each structure is designed to specific requirements for rainfall/storm events. Our assumed potential impacts of Climate Change are disclosed through our Infrastructure Strategy 2021-2051. In 2017 Council signed the NZ Local Government Leaders' Climate Change Declaration, and in 2019 Council declared a Climate Emergency. We are committed to work with the community on transitioning to a low carbon future and adapting to a changing climate.	Medium	Levels of service may be maintained i.e. flood control, but costs will likely increase. Where council assets are impacted there could be unbudgeted maintenance or capital costs to repair damage incurred.
9	**Natural hazards/disasters** Our region is at risk of a range of natural hazards, such as earthquakes, flooding, drought, debris flow, slips, tornado, fire and volcanic activity. We assume that any of these events could cause significant damage to infrastructural assets. It is impossible to predict when these may occur, but this Long Term Plan facilitates our readiness to respond. We have experienced some significant events in recent years and continued to provide core services.	Medium	Council offices located in Tauranga, Whakatāne & Rotorua, alongside the ability for staff to work from home, should enable the provision of core services although there may be initial delays. Repairing damage or replacing infrastructure assets will have a significant impact on costs and impact the economy of the region.
10	**Land use changes** We assume that the current use of land will not change significantly over the course of this LTP 2024-2034. New development, redevelopment or change in land use in 'at risk' areas will be restricted (with the exception of the Rotorua catchment area).	Low	-
External assumptions			
11	**Central Government policies/priorities** The new government has signaled its intention to review policies i.e. National Policy Statement on Freshwater Management and priorities. We assume this will occur and new priorities will be set, and policies developed. Council will respond to the changing in requirements.	Medium	Current plans and work programmes may be changed or delayed as central government resets priorities and develops new policy.
12	**Legislative change** There will be changes to legislation that affect our work programme, including how we operate, what we do and who pays for what. The new government has stated its intention to repeal the Natural Built Environment Act 2023 (NBA) and Spatial Planning Act 2023 (SPA). Council will maintain a watching brief on any resulting legislative changes and will implement new legislation as required.	High	Current plans to implement the new legislation (NBA and SPA) will be delayed, or stopped as the new government repeals this legislation.

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
13	**Treaty of Waitangi settlements** We assume that Treaty of Waitangi Settlements will continue to be progressed and the Council will respond to any changes.	Low	-
14	**COVID-19** We assume that COVID will continue with a consistent base level of infections, and several outbreaks or waves each year. Current projections are based on the virus behaviour to date, there are emergent variants displaying increased immune evasion and or transmissibility. Reinfections will be common, but the severity of infection may be reduced due to vaccination and previous exposure. Important to note that all infections carry risk of illness, hospitalisation, death, and disability from long COVID.	Low	-

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)						
Financial Assumptions									
15	**Cost factors** We use best estimates to predict what things will cost in the future. This includes inflation estimates. We have used the Business and Economic Research Limited (BERL) Local Government Cost Index (LGCI) as a basis for estimating inflation.	Low							
2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
2.70%	2.00%	2.20%	2.20%	2.10%	2.10%	2.00%	2.00%	1.90%	1.90%
16	**Grants and subsidies** We receive funding from a number of sources, including grants and subsidies from external organisations. We assume that the rate of funding for the longstanding arrangements will remain consistent, these include: - Waka Kotahi NZTA has confirmed subsidy for passenger transport services at 51%-100% for 2024-2027, and assume 51%-100% for the remaining years; - Central Government contribution towards the Rotorua Lakes Protection and Restoration Action Programme – 50%. We assume there may be other funding arrangements in relation to central government recovery related projects.	High	Changes in revenue may be significant depending on the scale of funding arrangements. We would also need to consider the operational and capital expenditure impacts, if any, and the relevant resourcing required to carry out the work.						
17	**Quayside Dividend income** Dividends from Quayside Holdings Limited (Quayside) are used to reduce our general rates requirement. Forecast annual dividends for the first two years were provided by Quayside in the Statement of Intent and have been inflated at 2% thereafter to reflect conservative investment returns. No changes have been assumed as a result of the proposed partial divestment of the Port of Tauranga Shares and increased investment diversification.	Medium	Changes in revenue may be significant depending on the scale of funding arrangements. We would also need to consider the operational and capital expenditure impacts, if any, and the relevant resourcing required to carry out the work.						
2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
$47.0 million	$48.0 million	$49 million	$50 million	$51 million	$52.1 million	$53.1 million	$54.2 million	$54.4 million	$54.4 million
18	**Toi Moana Dividend** It is assumed that the Toi Moana Trust will achieve an average dividend and capital preseveration in line with the Trust's establishment documents. and Statements of Intent.	Medium	Changes in investment performance from year to year may result in Council choosing to receive a different dividend amount or redeem investment units.						
2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
19	**Investment income** It is assumed that we will gain investment income based for our investments at the available interest rate for commercial all accounts, which is the average of the Official Cash rate forecast for each year. Any cash that can be placed in term deposits will result in a higher interest rates so this is a conservative assumption, which partially balances risk in the Official Cash Rate forecast.	High	Changes in the returns on Council's cash holdings will affect revenue. Sustained changes, that are not offset by changes in borrowing costs, may lead to consideration of reducing costs, increasing revenue and/or reducing levels of service.						
2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**
5.50%	4.75%	3.40%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

20	**Lifecycle of assets** The lifecycle of assets is outlined in the Statement of Accounting Policies.	Low	
21	**Sources of funds for the future replacement of assets** The sources of funds for future replacement of assets are outlined in the Revenue and Financing Policy.	Low	
22	**Renewal of assets – depreciation funding** We will continue to fund our asset renewal programme through rates-funded depreciation. Depreciation of our assets is based on their lifecycle.	Low	
23	**Regional Fund reserves for infrastructure work** Regional Fund Reserves may fund new infrastructure work and be applied to selected operating projects and to smooth general rates (if repaid).	Medium	Operating projects may be delayed where Regional Fund Reserves are not available for use, or to minimse general rate increases.
24	**Revaluation of non-current assets** We revalue most of our fixed assets regularly (at least every three years) to ensure that the carrying values do not differ materially from the fair value. The following BERL adjustors will be used to revalue our assets:	Medium	Changes in the value of assets resulting from revaluations impact the depreciation and then have a direct impact on Council rates.

2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Earthmoving									
3.4%	2.0%	2.5%	2.7%	2.6%	2.4%	2.5%	2.3%	2.3%	2.2%
Property									
2.7%	2.0%	2.3%	2.2%	2.1%	2.1%	1.9%	2.0%	2.0%	1.8%

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
25	**Number of rating units** We assume that the number of rating units will increase each year as more dwellings are built or properties are divided. Rating unit figures have been calculated using local authority's test rate strikes, growth predictions from Statistics NZ and updated for key assumptions by Council.	Medium	Any significant variance in the number of rating units would mean that budgeted rating income would be split between a different number of ratepayers and individual rates bills would change.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Kawerau District Council	3,002	3,102	3,115	3,127	3,140	3,152	3,165	3,177	3,190	3,202
Ōpōtiki District Council	5,521	5,531	5,541	5,551	5,561	5,571	5,581	5,591	5,601	5,611
Rotorua District Council (Part)	31,625	32,046	32,443	32,812	33,086	33,334	33,559	33,767	33,963	34,132
Taupō District Council (Part)	21	21	21	21	21	21	21	21	21	21
Tauranga City Council	66,636	67,636	68,650	69,680	70,864	72,069	73,294	74,540	75,807	77,096
Western Bay of Plenty District Council	24,588	*24,945*	*25,308*	*25,675*	*26,049*	*26,427*	*26,811*	*27,201*	*27,596*	27,998
Whakatāne District Council	16,393	16,606	16,773	16,940	17,067	17,195	17,281	17,368	17,455	17,542
Offshore Islands	87	87	87	87	87	87	87	87	87	87
Total Rating Units	**147,873**	**149,974**	**151,938**	**153,893**	**155,875**	**157,856**	**159,799**	**161,752**	**163,720**	**165,689**

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
26	**Estimation of Put Option provision** The Council has a $2.4 million Put Option provision which relates to the issue of Perpetual Preference Shares (PPS) in January 2008 by its subsidiary Quayside. The $2.4 million valuation is as at 30 June 2023.	Medium	If the proposed partial divestment of the Port of Tauranga Shares proceeds, then the PPS may be repaid and the put option would cease to exist.
27	**Borrowing and expected external interest rates** If the Council decides to draw down external loans for projects, they will be subject to interest rates. The rates below have been estimated as a weighted average interest rate based on the current fixed rate borrowing in place, estimated requirements for new borrowing (or repayment) and estimated borrowing rates based on forecasts of the Official Cash Rate (plus a margin).	Medium	Increase in interest rates will have financial implications, for external loan funded projects costs could increase.

2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
4.0%	4.0%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

28	**Overhead allocations** The way we work out overheads and costs associated with each Council activity will stay the same during the LTP 2024-2034.	Medium	Change in Council's purpose or service delivery requirements would require a review of the overhead model to ensure the costs of providing services are accurately reflected.
29	**Insurance** We assume that we will be able to obtain insurance cover and that the cost for insurance will be higher than for the previous years due to the impact of recent global events, plus inflation. We also assume budgeted insurance proceeds are received as planned.	Medium	The insurance market is changing due to recent events (weather, earthquakes), and increasing costs may become either uneconomic or unaffordable. Higher premiums, excess or need to self-fund will impact on expenditure and reserves.

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates, service delivery or other matters (Med/High only)
Population assumptions			
30	**Growth forecasting** Population across the region is expected to reflect the population projects set out below [1]	Low	

Data released July 2022

Dataset: Subnational population projections, by age and sex, 2018 (base) - 2048 update							
Projection	Medium						
Year at 30 June	2018	2023	2028	2033	2038	2043	2048
Area							
Total New Zealand by region	4,900,600	5,149,500	5,354,100	5,564,400	5,752,800	5,924,000	6,077,100
Bay of Plenty region	320,800	352,500	370,200	384,500	396,600	407,500	417,100
Kawerau District Council	7,460	7,900	7,970	7,970	7,900	7,780	7,620
Ōpōtiki District Council	9,670	10,650	10,850	11,050	11,150	11,100	11,050
Rotorua District Council	74,800	77,000	78,700	80,100	81,100	81,800	82,200
Tauranga City Council	142,500	161,300	172,700	182,200	190,900	199,200	207,400
Western Bay of Plenty District Council	53,000	61,000	64,700	67,700	70,200	72,200	73,900
Whakatāne District Council	37,100	38,500	39,100	39,400	39,500	39,400	39,100

(1) data extracted on 13 February 2024 from NZ Stat. Released July 2022.

Source: *http://nzdotstat.stats.govt.nz/WBOS/Index.aspx?DataSetCode=TABLECODE7994#*

Significant Negative Effects
Ngā Pānga Kino Nui

Council's activities are provided to the region with the intention of delivering positive outcomes and community wellbeing through working towards our vision 'Thriving together – mō te taiao, mō ngā tangata'.

Alongside the positive impacts delivered through our eight Groups of Activities, there may also be some negative effects that the group of activities may have on the social, economic, environmental, or cultural well-being of the local community. The following table lists the significant negative effects that have been identified across our eight groups of Activities, and the approach to managing and / or mitigating that impact. Only a small number of significant negative effects have been identified, and in some cases no significant negative effects are identified for a Group of Activities.

Group of Activities	Significant Negative Effects	Mitigation
Healthy Catchments *Includes: Biosecurity, Rotorua Catchments, Catchments (including Regional Parks), Freshwater Programme, Climate Change Programme Coordination*	Making the change to more sustainable land uses and land use practice may have negative impacts on economic, cultural and social wellbeing for individual landowners, and possibly the regional economy. Biosecurity rules may impose land use restrictions resulting in impacts on economic wellbeing on individuals within our communities.	As part of our planning processes, we ordinarily carry out cost benefit analysis that is proportionate to the type of proposal or plan being considered. This includes analysis under Resource Management legislation. Clear opportunities are provided to Māori and our wider community to express their views through the planning process. We endeavour to take a balanced approach and consider the views of our community through the development and implementation of our Biosecurity rules, including for example the development of our Regional Pest Management Plan.
Flood Protection and Control *Includes: Flood Protection and Control, Rivers and Drainage Schemes*	Potential negative effects on the environment because of council's delivery of flood control and land drainage functions. Restrictions on land use through the Floodway and Drainage Bylaw	Civil construction works must comply with all relevant RMA Plans, and resource consent processes. Appropriate public consultation occurs frequently to ensure that effects on and concern to the community are understood and adverse effects are avoided, remedied or mitigated.
Regulatory Services	Increasing costs and / or changes to current practice to meet environmental standards as set by Regional Planning work may impact economic wellbeing. There are no negative effects of providing emergency management services.	As part of our planning processes, we ordinarily carry out cost benefit analysis that is proportionate to the type of proposal or plan being considered. This includes analysis under Resource Management legislation.
Transportation	The provision of transport level of service is not consistent across the region. This may lead to perceptions of under or over provision impacting social and economic wellbeing.	Transport is part funded by user charges and by targeted rates. This ensures that the appropriate beneficiaries of the service pay for it.
Regional Planning and Development	Development of plans with both a lens for future generations and climate change may require changes to allowable uses impacting economic and social wellbeing. Changing regulation and environmental standards may result in increased compliance costs to resource users or landowners. Economic outcomes may not benefit all the region	Clear opportunities are available as part of the planning process to enable community engagement and provide opportunities for the community to express their views. Planning process, ordinarily carry out cost benefit analysis that is proportionate to the type of proposal or plan being considered. Identify opportunities to support development with employment opportunities in the region.
Democracy, Engagement and Community Participation	The Region is demographically diverse, as a result engagement and community feedback may not represent this diversity. This would impact on the social and cultural wellbeing.	Democratically elected Councillors that represent key constituencies within the region. Community engagement plans developed for all engagement to reach appropriate demographics, and message tailored accordingly.
Partnerships with Māori	Diversity of the region can mean that there is not always the capacity and capability for	Focus on building relationships with tangata whenua and the community on a

Group of Activities	Significant Negative Effects	Mitigation
	tangata whenua and community groups to build proactive relationships with Council.	day-to-day basis. Building partnerships to deliver key initiatives.
Support and Technical Services	There is no significant negative effect of providing this service. Technical Services (Science, data, and geospatial services) support Regional Planning work.	