Draft Volume Two

Long Term Plan 2021-2031

Adoption for Consultation – February 2021

Bay of Plenty Regional Council
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New Zealand

Financial Strategy
Te Rautaki Pūtea

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. A comprehensive review of the Regional Council's financial framework was undertaken as part of preparing Long Term Plan 2021-2031 for consultation. The starting premise of the review was that our financial strategy enables our work, rather than constrains 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:

- Planning financially for the whole Council Group.
- Increasing financial resilience to respond to Climate Change and other challenges through increasing the net value of the Council Group's investments. This includes increasing the value of non-port investments managed by Quayside Holdings Limited ("Quayside") from $380 million to $700 million by 30 June 2031.
- Keeping rates low as we recover economically from COVID-19. The general rates increase is 5.8% [(1)] in 2021/22 ($16 per household), then under 3% per annum. This has been achieved after a 0% increase in 2020/21. Targeted rates are increasing by 8.9% in 2021/22, and the cost per household depends on the services that household receives.

We will achieve these results by:

- Growing dividends from Quayside that are used to reduce rates. In 2021/22, each household will have its general rates reduced by $307 due to this dividend. The dividend is projected to increase from $33 million in 2020/21 to $40 million in 2021/22 then by 3% per annum to maintain the real value of dividend in line with population growth and inflation.
- Using reserves where appropriate. Council is planning to use its reserves to fund capital expenditure without needing to increase borrowings. In addition to using reserves to fund capital expenditure, Council is also planning to use general reserves to fund our $20 million contribution to the Ōpōtiki Harbour Transformation and bus route optimisation as part of the Transport Systems Plan. These are both investments to improve long term wellbeing that we can fund without increasing rates or bus fares. Specific reserves are being used for the RotoruaTe Arawa Lakes programme. The increased dividend from Quayside allows for our reserves to grow as a contingency to funds additional expenditure to response to Climate Change and other challenges.
- Maintaining our ability to borrow. Council is not planning to take on additional borrowing to finance its work programme and may use reserves to repay borrowing if this is financially beneficial. Council will borrow and on-lend to Quayside to finance their regional projects like the Rangiuru development.

1 The Financial Strategy uses real rates figures which exclude growth and inflation

Introduction

Council's vision is "Thriving Together –mō te taiaō, mo ngā tāngata". Council has focused its Community Outcomes with an emphasis on a healthy environment; freshwater for life; safe and resilient communities, and a vibrant region.

The financial strategy builds a sustainable budget and 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 LTP2021-2031 is prudent and sustainable. It will ensure a balance between providing the community with what they need, with keeping core services and functions affordable.

Financial Principles

Council has determined the following financial principles to guide its financial decisions and actions through the LTP2021-2031:

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 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 BOPLASS and the Local Government Funding Agency 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 portfolio – holds our 54.14% majority ownership of Port of Tauranga and is responsible for monitoring financial performance, peer relative performance and corporate governance
- Non-port investment portfolio - generates commercial returns and an income stream through a diversified investment portfolio including shares, private equity and real assets.
- Treasury portfolio – targeting both cash and tax efficient management of cash and borrowings to the benefit of Quayside and the wider Group.

Toi Moana Trust

Council is the 100% owner of the Toi Moana Trust. This trust is a Portfolio Investment Entity that manages a $45 million diversified investment portfolio and provides distributions to Council which are used to reduce rates.

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.

Local Government Funding Agency

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

Strategic Context

A comprehensive review of the Regional Council's financial framework was undertaken. Council has a range of options available to fund work and manage financial risk. These are referred to as our financial levers. This review included the following main steps:

1. Reviewing our expenditure requirement
2. Identifying our financial levers and benchmarking with other regional councils
3. Setting the financial results we aim to achieve

Reviewing our expenditure requirements

The focus of the Long Term Plan 2021-2031 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.

Major areas of activity and cost have been developed using a fit for purpose process similar to a zero-based budgeting process. Examples of this include:

- Passenger transport routes have been developed based on a strategic review of routes and future plans, and operators appointed subject to full competitive tender processes.
- Flood protection and control projects are based on requirements determined through the asset management planning process which considers future demand, maintenance and renewal requirements.
- Staff costs have been developed following full reviews of the internal organisational structure and resourcing requirements, and renegotiation of the Collective Employment Agreement in 2019.

This process identified the following factors that are expected to have a significant impact on us over the next ten years and beyond.

COVID-19 The financial impacts of COVID-19 are subject to uncertainty as cases overseas increase and vaccines are developed. International tourism appears unlikely to resume in the short term.

Climate Change Climate Change is the largest risk to Council and the Community in the long term. Council has built climate change forecasts into its resource management and flood protection planning, however, the wide range of scenarios lead to a wide range of potential interventions and costs.

Urban Form and Transport The Western Bay of Plenty is planning for significant changes to accommodate and provide for population growth. This is a collaboration with Tauranga City Council, Western Bay District Council and Waka Kotahi, with each having distinct areas of delivery.

Legislative Change Council is directly affected by Government requirements/standards/legislation. This is particularly the case reform of the Resource Management Act and any new environmental or freshwater standards.

Growth and Inflation The Bay of Plenty continues to grow, and is forecast to have a 12% (16,000) increase in rating units over this Long Term Plan. This increase will not be uniform over the region. In addition, inflation on Council services is projected to increase at approximately 2.5% per annum over this Long Term Plan.

Identifying and benchmarking our financial levers

Council has a range of options available to fund work and manage financial risk. These are referred to as our financial levers. Each financial lever has multiple effects. The main financial levers 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.

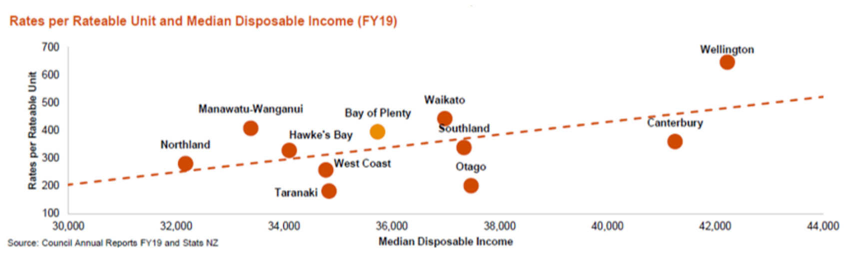
Investments Quayside holds our 54.14% shareholding in the Port of Tauranga as well as a growing portfolio of non-port investments ($380 million as at June 2020). Quayside increases its investments by using any profit it retains after the dividend is paid to Council. These investments provide for future dividend increases and financial resilience. In addition, Council holds reserve funds which are in safe investments until needed for cash-flow.

Borrowing Council borrow through the Local Government Funding Agency. 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 forecasts into account.

Fees and Charges Council seeks to have those that benefit directly from a service 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. Council used reserves to set a 0% general rates increase in 2020/21 to help the community manage the impacts of COVID-19.

Rates affordability can be assessed by comparing the level to rates to disposable income. Our affordability is generally in line with other regional councils. As each council delivers different levels of service, this is a general indicator of affordability as different regions will have different requirements and community preferences.



Setting the financial results we aim to achieve

After consideration of all of the factors and options, Council has decided to set the following as the key results to ensure our financial sustainability in the long term.

Increasing financial resilience to respond to Climate Change and other challenges

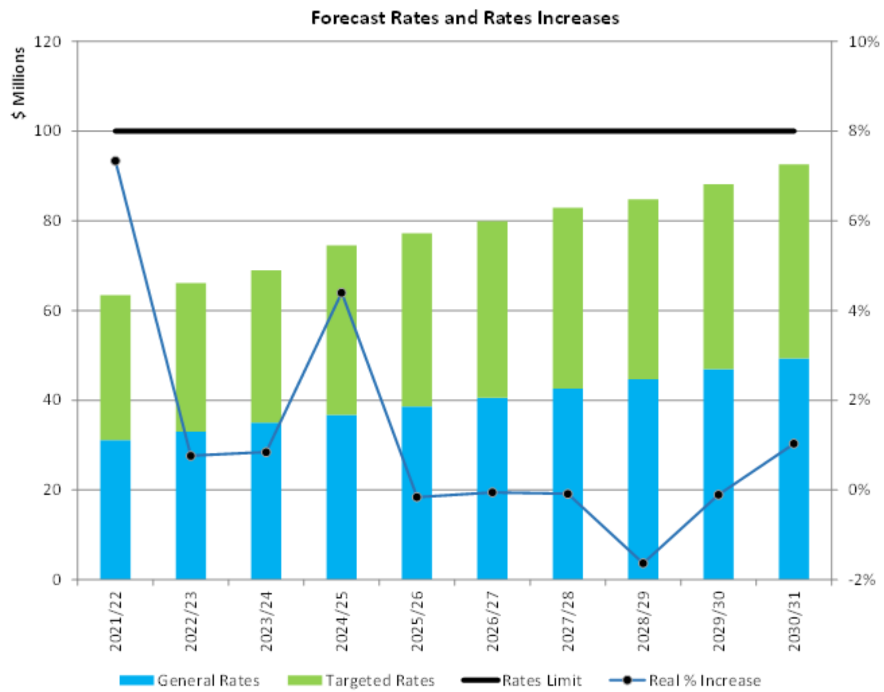
Council has budgeted based on current forecasts for Climate Change. As forecasts are updated there may be changes to existing services, like increased capacity for flood protection, and new requirements imposed on Council. Council has decided to maintain and increase the total value of its sources of capital funding (borrowing headroom, reserves and investments) as a contingency for future requirements.

Council has chosen to allow Quayside to reinvest part of its profits. This also means that the costs of Climate Change are also allocated to the current ratepayers through retaining, rather than distributing, these profits. Council has set a 10 year target for Quayside to increase the value of its non-port investment from $380 million as at 30 June 2020 to $700 million by 30 June 2031. The value of the majority shareholding the Port of Tauranga is not currently included as a source of financial resilience because Council has determined that this is a strategic asset for the region.

Keeping rates low as we recover economically from COVID-19

Council set a 0% real general rates increase for 2020/21 to minimise the economic impacts of COVID-19. This was funded through reserves. Current forecasts for economic recovery have improved since early 2020 and moderate rates increases appear to be feasible. Council will continue to monitor the situation and reconsider action as necessary.

The general rates increase is 5.8% in 2021/22 ($16 per household), then under 3% per annum. Targeted rates are increasing by 8.9% in 2021/22, and the cost per household depends on the services that household receives.



Our rates are based on land value, land area and location. There are no proposed changes to our rating system other thant hose discussed as consultation topics.

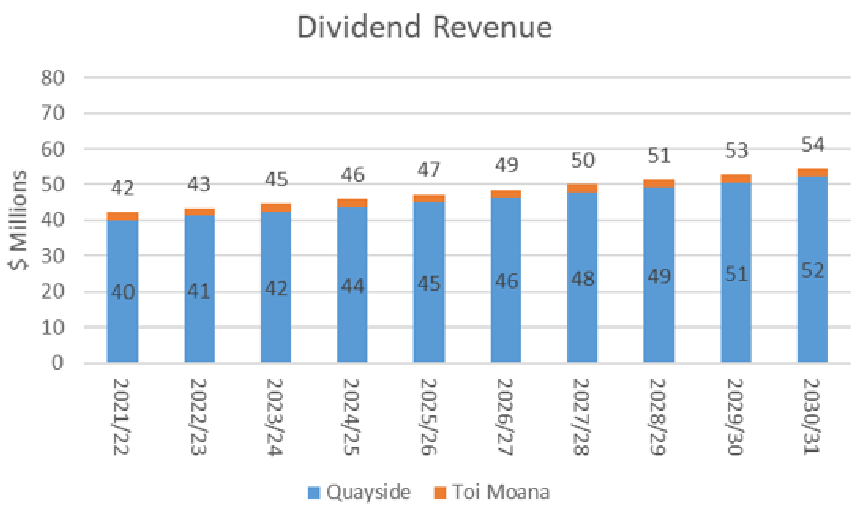
How we will achieve these results

Growing Dividends from Quayside Holdings

Council uses the dividend from Quayside holdings to reduce the general rates requirement. This enables everyone to benefit from the Regional Wealth that we control and helps to keep rates affordable. Council has chosen to increase the forecast dividend received the Quayside following several years of stronger than forecast profit growth. In 2021/22, each household will have its general rates reduced by $307 due to this dividend.

In order to keep rates affordable over the long term, Council has budgeted for the Quayside dividend to increase at approximately the rate of growth and inflation. This will allow for a similar real value of rates saving per household as this dividend is applied to reduce rates.

Council also receives distributions from the $45 million Toi Moana Trust, which are forecast as $2.25 million per annum.



Using financial reserves where appropriate.

Our financial approach has meant that we have accumulated financial reserves. Some of these can only be used for a specific activities (e.g. flood repair reserves funded by targeted rates) and some are for general purposes (including the asset replacement reserve that can be used for any activity's capital funding). The Increased dividend from Quayside allows our forecast reserves to grow. We expect to use these reserves to fund the work required to respond to the major changes that affect us without needing to increase more than currently forecast.

When our borrowings need to be refinanced, we may choose to repay the borrowing from reserves depending on the interest rates and our financial requirements at the time. Reserve funds are invested in accordance with our Treasury Policy.

In addition to using reserves to fund capital expenditure, Council is also planning to use general reserves to fund our $20 million contribution to the Ōpōtiki Harbour Transformation and bus route optimisation as part of the Transport Systems Plan. These are both investments to improve long term wellbeing that we can fund without increasing rates or bus fares. Specific reserves are being used for the Rotorua Te Arawa Lakes programme.

Council engages closely with Government on policy directions and has budgeted for the anticipated policy settings including increased resourcing for planning/policy and iwi engagement. Council has budgeted to increase general reserves as a contingency for any change in legislative requirements or to be able to respond to unforeseen circumstances without divesting from other long term investments.

In addition to the reserves held by Council, our 10 year target is for Quayside to increase the value of its non-port investments from $380 million to $700 million. This increased value will generate additional profits to fund the dividend to Council, and is also another source of financial resilience. The value of the majority shareholding in the Port of Tauranga is not currently included as a source of financial resilience because we have determined that this is a strategic asset for the region that we intend to hold for the long term.

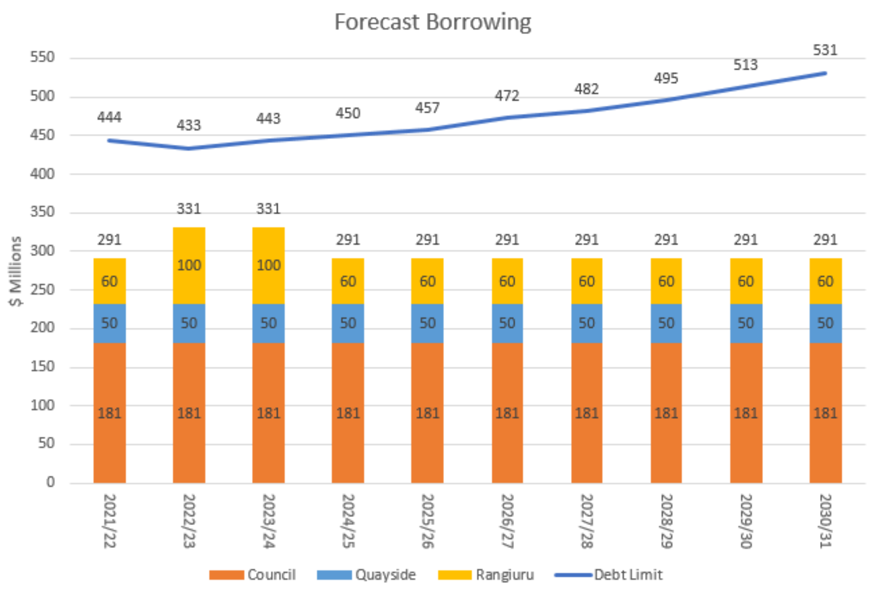
Maintaining our ability to borrow

Over the past few years, Council have used borrowing to fund capital expenditure because borrowing interest rates were low comparedt o term deposit rates. This has also included borrowing and on-lending to Quayside to secure better rates than they could achieve directly. We have borrowed for up to two years of capital expenditure in advance to ensure that funding was available when required.

Currently, the most efficient source of funding is forecast to be reserves. Therefore, Council is not intending to increase borrowing to finance our capital projects and we have sufficient pre-funding and reserves accumulated to fund our capital programme for this Long Term Plan. Our total capital programme for this Long Term Plan is $120 million, of which $41 million is for Flood Protection and Control projects.

When our borrowings need to be refinanced we may choose to repay the borrowing from reserves, depending on the interest rates and our financial requirements at the time. As the decisions to repay or finance borrowing depend on future interest rates and other factors, we have chosen not to show Council repayments to demonstrate that Council remains financially stable even without paying down borrowing.

Council borrows and on-lends to Quayside Holdings as this minimises the interest cost for the Group. Quayside has $50 million of current on-lending. Council has provided for an additional $100 million to finance the Rangiuru industrial development, which is forecast to be repaid from sales of the developed industrial land in 2024/25 and 2032/33.



Quayside Holdings issued $200 million of perpetual preference shares in 2008. The income from this was used to fund our capital expenditure and grants to Regional Infrastructure Projects, and will be fully spent by July 2021.There are circumstances in which Council could be required to re-purchase this share issue and we ensure that we retain the ability to finance this.

Council currently borrows exclusively from the Local Government Funding Agency, and this borrowing is secured through Council's shareholding in the LGFA and against future rates revenue. Borrowing limits and considerations are set in our Treasury Policy.

Balanced budget

We have forecast an overall operating surplus for this Long Term Plan, including a surplus in each of years 3-10. We have forecast an operating deficit for the first two years of the Long Term Plan 2021-2031. This means in each of these two years, the money we expect to spend on operating expenditure is more than we expect to receive. While Council has an unbalanced budget in the first two years, this will be offset in the wider Council Group by profits retained in our Council Controlled Organisations, particularly Quayside.

The primary reason for the unbalanced budgets are the grants in years one and two to the Ōpōtiki Harbour Project. This grant delivers long lasting economic benefit and is funded from our accumulated reserves rather than being rated for in the year it is spent.

We propose to deliver budget surpluses from year three onwards to provide for increase financial resilience and the ability to respond to legislative, or other, changes.

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.

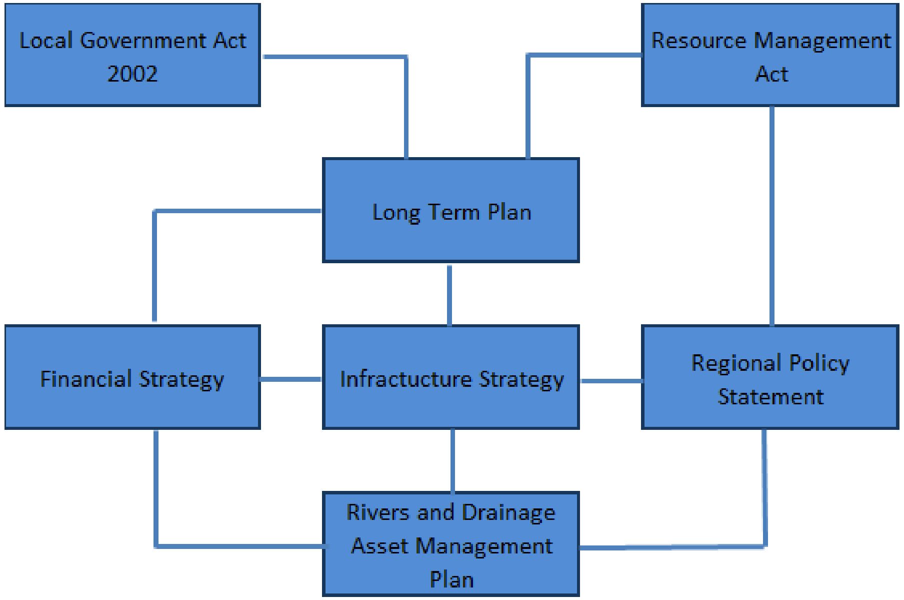
Flood Risk Management faces significant issues over the next 30 years; including sea level rise, more intense and more frequent storms, subsiding ground levels, declining population in the east (where our schemes are based) leading to further affordability issues and stop banks that are geotechnically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

The River Scheme Sustainability Project looks at flood mitigation using an integrated catchment wide approach that incorporates ecosystem and optioneering to create 100-yearframeworks for each catchment. Planning, community engagement and delivery intends to transition towards this longer-term framework as appropriate.

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 resource management
- Matters 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

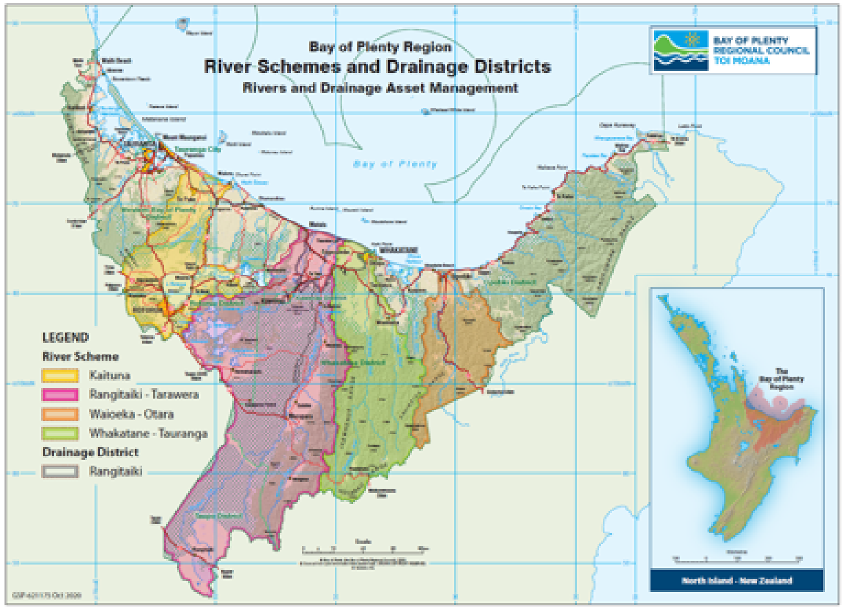
The Local Government Act (2002) requires that the Infrastructure Strategy for BOPRC must include assets for flood protection and control works and Council may at its discretion include other assets.

For this 2021-2051 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 $336 million, comprising the bulk of BOPRC's $435 million 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.

Asset	Value (ODRC)	Quantity	Average condition
Stop banks	$226 million	381 km	Good Sub-surface – TBC
Erosion Protection	$69 million	480 km	Good

Asset	Value (ODRC)	Quantity	Average condition
Waterways	$17 million	496 km	TBC
Pump Stations	$8 million	16	Good
Structures	$16 million	544	Good

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.

Note:

1. Stopbanks Sub-surface – Stopbanks Sub-surface – BOPRC is undertaking geotechnical investigations of its stopbank assets. The first phase of this, looking at historic areas of concern is only about halfway through the schemes. Until the first phase, at least, has been completed it is not possible to provide a reliable condition score covering all of the schemes.
2. Waterways – This description covers drains and canals. These are non-critical assets. Asset inspections have not been undertaken as yet of these assets using an asset inspection tool. These will follow once the inspection of all critical assets has been completed. Consequently no condition score can be reliably assigned.

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

The data presented below is the most up to date data to hand. It encompasses an assessment for the 25 year period from 2018-2043. While it 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 2043 for each area are summarised below.

- Virtually all 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.
- There is a projected increase over the region in population of over 51,000 people (a 16% increase).
- Assuming current trends continue, the population in the Western Bay of Plenty is projected to grow from 51,000 in 2018 to around 59,500 in 2043 (+17%).
- The population of Tauranga City is projected to grow from 137,800 in 2018 to around 183,700 in 2043 (+33%).
- The population of Rotorua District is projected to grow very slightly from 75,900in 2018 to 76,800by 2043 (+1%increase)
- The population of the Whakatāne Districts projected to remain stable until around 2043, numbering approximately 35,100 in 2043
- Projections for Kawerau District are extremely uncertain but based on long term trends show a steady decline, from a population of 7,050 in 2018 to around 5,300 by 2043 (-25%).

  Kawerau District Council does have initiatives to support forestry industry growth. This has seen a slight increase in population in recent years. However, longer term projections still indicate a declining population as historic employment industries become obsolete.
- Similarly, the population of the Ōpōtiki District is projected to undergo steady decline, from 9,288 in 2018 to 7,000 by 2043 (-25%), largely as a result of outward migration. However, it should be noted that economic initiatives like offshore mussel farming have the potential to change these assumptions if able to reverse migration loss.

The trends suggest that if current migration patterns remain, Tauranga City will increase its share of the region's population from just below 44% in 2018 to 50% in 2043.

The population trends are important for flood management because:

(a) Three of the river schemes are in areas projected to be either stagnant or in population decline for much of the scheme life with asset maintenance occurring at a time the New Zealand Treasury warns of very tight fiscal 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 can alter its flood protection approach, in-line with the River Scheme Sustainability project recommendations, at 10-15 year intervals.

Significant infrastructure issues

The following tables summarise 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.

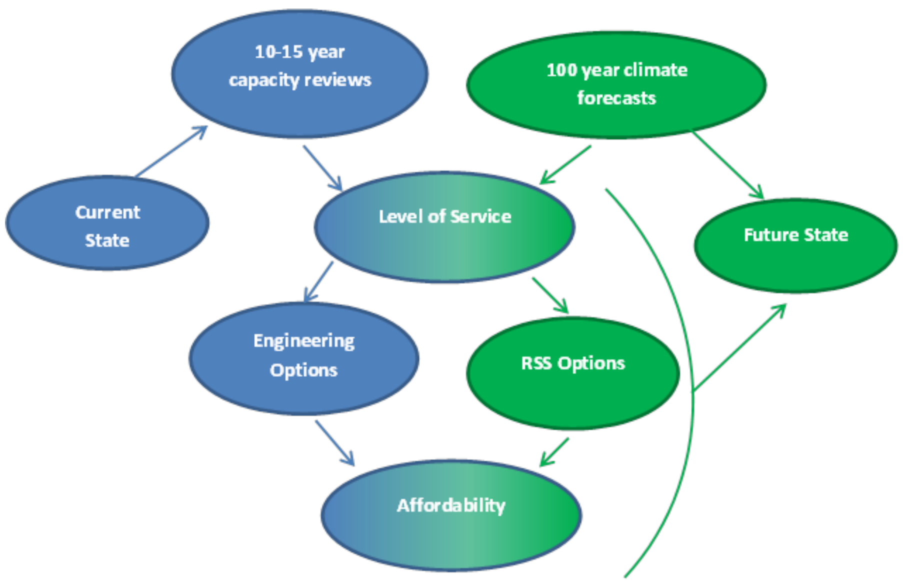
Issues	Options	Implications
Climate change(through sea level rise and increased intensity and frequency of storm events).	•Incrementally increase the capacity of assets (by raising levels of stopbanks over time) to meet anticipated climate change predictions •Increase pumping capacity to maintain drainage 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. Lower level of service (refer implications contained in the Affordabiliy issue)	•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 volumes to higher heads •Increased pumping run times as sea level affects ground water levels in low lying coastal areas •Increased costs due to continual pumping •Solutions could include over 30 different structural and non-structural options, which could include the use of wetland or 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 •Generate 100 year vision action plans •Long term work programmes need to be developed to ensure land purchases, or similar, are signalled well in advance •Flexibility is required to implement a suite of options that together create an enhanced and affordable flood mitigation paradigm

Issues	Options	Implications
Residual risk Failure of flood protection systems may impact on communities	•Educate the public on residual risk and encourage resilience measures and property values are consequently adversely affected •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 •Re-run models to include residual risk in the form of breach analysis •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 Declining population will also effect affordability as there will be less people to pay	•Reduction in levels of service •Retreat •Use River Scheme Sustainability Project outcomes, incorporating whole of catchment planning, to look at alternative sustainable outcomes using a 100 year vision.	•Insurance cost increases as a result of increasing risk •Property valuations may be affected •Community may not accept reduction in levels of service •Major decision to be made if retreat 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 in 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
Levels of Service	•Reduction in levels of service	•Refer affordability implications
Population Growth or Decline Likely decline of population/households within the scheme areas	•Reduce level of service •Use River Scheme Sustainability Project outcomes	•Flexibility is required to implement a suite of options that together create an enhanced and affordable flood mitigation paradigm
Uncertainty of population change, settlement trends long-term	•Design for uncertainty with modular solutions of delayed investment •Develop agreed region wide settlement	•Potential for costs to be greater if growth occurs when it was not expected •Community reluctance – perceived impact on land values
Growth in Tauranga may result in demand to build in flood prone areas	•Provide flood management and engineering advice to reduce flood risk •Develop 100 year action plans	•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	•Engineering options will review the best ways to manage the lower ground levels ,higher pumping heads and greater hydrostatic loads on stopbanks	•Structural solutions will be expensive

Issues	Options	Implications
drop by around 1 metre over the next 100 years in some floodplains	•Levels of service review	•Trigger levels will be identified to determine when to migrate towards an alternative fit for purpose solution that may, for example, result in different land use practices
Geotechnical condition of existing stop banks	•Upgrade stopbanks •Reduce level of service	•Expensive structural or pressure relief solutions
Earthquakes cause damage to flood protection	•Accept risk and repair if necessary •Upgrade earthquake protection on all assets	•Potential high costs of repair •Consider earthquake standards in new designs •Upgrading all assets is likely to be cost prohibitive
Land Use Change Increased urban development or converting bush/forest into farmland will increase stormwater runoff	•Control increased run off using development measures: eg onsite detention •Increase scheme capacity to account for increased runoff •Restrict or prevent land conversions	•Increased development costs •Increased costs for river schemes •Resistance from property owners •Political pressure due to economic development policy •May need policy changes at a regional or national level to achieve

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 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 have been identified for some of the river schemes and are being evaluated to enable a truly sustainable strategy.

Options have been looked at for the Rangitaiki and Whakatane-Tauranga Catchments. The options for the Rangitaiki Catchment have been consulted upon and accepted by the Community. Options for the Whakatane-Tauranga Catchment are being finalized and are to be rolled out for consultation during 2021/22. The remaining schemes will be assessed in the coming years as outlined in the River Scheme Sustainability Project Plan included at the end of this Infrastructure Strategy.

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:

- Stopbanks – Allowance is made every ten years to upgrade stopbanks 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 $83 million on new or replacement infrastructure in our Rivers and Drainage Schemes, between 2021 and 2051.Over the same period,$454 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.

Table 1: BOPRC Flood Protection and Control Operational Expenditure 2021-2051

Infrastructure activity	Capital expenditure	Operational expenditure
River Scheme Management	$83m	$454m

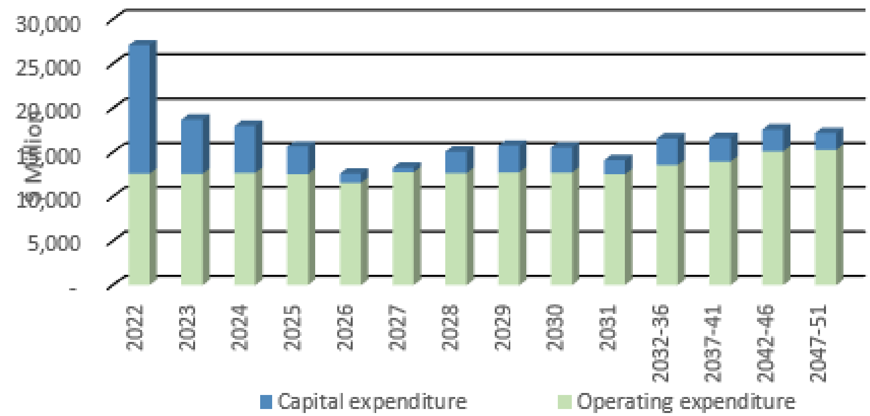
Capital expenditure highlights

Table 1 shows the expected year on year expenditure up to 2031 and then takes an average spend over five year blocks up to 2051. 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
- Rangitaiki River Floodwalls
- Rangitāiki Floodway Spillway
- Whakatane Urban Floodwalls
- Waioeka Otara Stopbank Upgrades

River Schemes Forecast Expenditure over 30 years



Notes:

1 2032-2036, 2037-2041, 2042-2046, 2047-2051 are average spend per year.

AMP cost categories	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000	2032-2036 $000	2037-2041 $000	2042-2046 $000	2047-2051 $000
Maintenance and operating costs	$4,441	$4,212	$4,253	$4,299	$4,347	$4,391	$4,439	$4,487	$4,507	$4,550	$29,700	$29,700	$29,700	$29,700
Flood event	$1,635	$1,560	$1,489	$1,202	-	$1,087	$861	$744	$601	$228	$7,309	$5,076	$5,419	$4,141
Disaster Insurance	$811	$903	$1,005	$1,120	$1,248	$1,389	$1,547	$1,724	$1,922	$2,142	$10,855	$10,855	$10,855	$10,855
Internal interest	$1,604	$1,575	$1,563	$1,534	$1,473	$1,383	$1,303	$1,245	$1,186	$1,097	$6,120	$5,642	$5,548	$5,488
Depreciation	$1,304	$1,315	$1,319	$1,316	$1,326	$1,326	$1,322	$1,322	$1,322	$1,323	$6,625	$6,653	$6,658	$6,662
Overheads	$2,829	$3,042	$3,088	$3,110	$3,159	$3,208	$3,222	$3,252	$3,205	$3,232	$14,812	$14,810	$14,810	$14,810
Total expenditure	**$12,623**	**$12,607**	**$12,717**	**$12,581**	**$11,552**	**$12,783**	**$12,695**	**$12,776**	**$12,743**	**$12,572**	**$75,422**	**$72,737**	**$72,990**	**$71,656**
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032-36**	**20374-41**	**2042-46**	**2047-51**
Operating expenditure	$12,623	$12,607	$12,717	$12,581	$11,552	$12,783	$12,695	$12,776	$12,743	$12,572	$13,040	$12,672	$12,969	$12,444
Capital expenditure	$14,487	$6,078	$5,275	$3,080	$1,074	$514	$2,387	$2,998	$2,821	$1,548	$2,854	$2,567	$2,343	$1,750

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 2021-2051 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	Cost $000	Timing	Assumptions
Kaituna Catchment Control Scheme			
Ford Road Pump Station replacement	1,843	2021-2022	Renewal
Te Puke Storm Water	2,560	2021-2022	Growth
Kaituna Mole Upgrade	577	2021-2022	Renewal
Lower Kaituna Stopbank Reconstruction	1,610	2027-2028	Level of Service
Bell Rd Pump Station Upgrade	1,193	2028-2029	Level of Service
Utuhina Stopbank construction	645	2021-2022	Level of Service
Ngongataha Mitigations	1,601	2021-2022	Growth
Upper Kaituna Stopbank construction	829	2024/25 – 2025/26	Growth
Lower Kaituna Stopbank Reconstruction	2,375	2034-2035	Level of Service
Lower Kaituna Stopbank Reconstruction	2,778	2044-2045	Level of Service
Upper Kaituna Stopbank construction	795	2033-2034	Level of Service
Upper Kaituna Stopbank construction	871	2043-2044	Level of Service
Ohau/Okere Consent renewal	2,511	2044-2045	Renewal

Major work	Cost $000	Timing	Assumptions
Rangitāiki – Tarawera Rivers Scheme			
Rangitaiki Spillway construction	2,800	2021-2022	Level of Service
Rangitaiki River Floodwalls construction	1,024	2021-2022	Renewal
Tarawera Stopbank construction	629	2022-2023	Level of Service
Rangitaiki River Floodwalls construction	1048*	2022-2023	Renewal
Tarawera Stopbank construction	1,284	2023-2024	Level of Service
Rang-Tara Stopbank construction	3,816	2031/32 – 2033/34	Level of Service
Rang-Tara Stopbank construction	4,596	2041/42 – 2043/44	Level of Service
Whakatāne – Tauranga Rivers Scheme			
Whakatāne urban stopbank construction	1024*	2021-2022	Level of Service
2017 Flood Repair Project	717	2021-2022	Renewal
Whakatāne urban stopbank construction	1048*	2022-2023	Level of Service
Whakatāne urban stopbank construction	1070*	2023-2024	Level of Service
Canal stopbank construction	1422*	2024-2025	Level of Service
Canal stopbank construction	1,692	2035-2036	Level of Service
Canal stopbank construction	1,537	2045-2046	Level of Service
Whakatane River stopbanks	2,006	2038-2039	Level of Service
Whakatane River stopbanks	1,799	2048-2049	Level of Service
Whakatane River Floodwalls	2,419	2031-2032	Renewal
Canal stop banks	766	2041-2045	Level of Service
Whakatāne River stop banks	997	2046-2048	Level of Service

Major work	Cost $000	Timing	Assumptions
Whakatāne Marist - Trident High School Stopbank Construction	2,140	2024-2025	Renewal
Whakatāne River stopbank construction	1,683	2029-2030	Level of Service
Te Rahu Floodgate Structure	1477	2040-2041	Renewal
Rangitaiki Drainage Scheme			
Culvert replacements	524	2022/23	Renewal
East Drain construction	629*	2022/23	Renewal
Culvert replacements	535	2023/24	Renewal
Waioeka-Otara Rivers Scheme			
Otara Floodwalls Reconstruction	512	2021-2022	Renewal
Waioeka-Otara Stopbank construction	1,693	2022-2023	Level of Service
Waioeka-Otara Stopbank construction	2,745	2032-2033	Level of Service
Waioeka-Otara Stopbank construction	3,528	2042-2043	Level of Service

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 such as the Invest Bay of Plenty Spatial Plan, Water Programme, Tauranga Harbour Strategy and similar.

Prospective Financial Statements
Ngā Whakaaturanga Pūtea e Marohiatia Ana

Prospective statement of comprehensive revenue and expenses

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Operating revenue											
28,471	General rates		31,110	32,989	34,981	36,741	38,588	40,528	42,565	44,703	46,949	49,307
28,727	Targeted rates		32,287	33,112	33,966	37,767	38,613	39,394	40,313	40,097	41,205	43,255
22,892	Subsidies and grants		29,727	23,355	23,486	20,767	20,015	20,538	18,635	18,997	19,566	19,957
11,080	Fees and charges		12,455	12,742	13,060	13,268	13,460	13,606	13,790	14,072	14,344	14,420
5,781	Finance income		2,032	2,349	3,018	3,352	3,626	4,209	4,931	5,616	6,102	6,320
33,200	Dividends		44,600	43,550	44,786	46,059	47,370	48,721	50,112	51,545	53,021	54,541
6,702	Other revenue		4,769	3,343	3,039	3,104	3,170	3,234	3,301	3,371	3,446	3,448
136,853	**Total operating revenue**	1	**156,980**	**151,440**	**156,337**	**161,058**	**164,841**	**170,230**	**173,647**	**178,401**	**184,633**	**191,247**
	Operating expenditure											
44,432	Personnel expenses		46,976	48,144	49,227	50,188	51,332	52,042	52,963	53,808	54,794	55,795
9,130	Depreciation and amortisation	3	8,781	9,383	9,198	8,999	8,663	8,250	7,842	7,083	6,990	6,767
3,258	Finance costs		3,051	3,664	4,342	4,416	3,836	3,681	3,570	3,628	3,660	3,840
85,625	Trading and other expenses		99,944	95,395	89,349	88,795	89,083	91,865	88,553	88,452	91,449	92,761
142,445	**Total operating expenditure**	1	**158,753**	**156,586**	**152,116**	**152,397**	**152,914**	**155,838**	**152,928**	**152,970**	**156,893**	**159,163**
(5,592)	**Net surplus (deficit)**		**(1,773)**	**(5,145)**	**4,222**	**8,661**	**11,928**	**14,392**	**20,718**	**25,431**	**27,740**	**32,084**

Prospective statement of comprehensive revenue and expenses *continued*

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Other comprehensive revenue and expense											
1,536	Gain on property revaluations		1,294	1,591	1,626	1,852	1,961	1,836	2,110	2,151	2,277	2,225
7,875	Gain on infrastructure asset revaluations		15,997	17,562	19,430	20,438	22,440	23,362	25,462	27,774	29,746	33,165
16	Gain on maritime asset revaluations		18	19	22	25	28	31	33	32	40	43
158	Financial assets at fair value through other comprehensive revenue and expense		62	63	66	68	72	75	78	78	78	78
9,585	**Total other comprehensive revenue and expense**		**17,371**	**19,235**	**21,144**	**22,383**	**24,501**	**25,304**	**27,683**	**30,034**	**32,141**	**35,511**
3,993	**Total comprehensive revenue and expense**		**15,598**	**14,090**	**25,365**	**31,044**	**36,428**	**39,696**	**48,401**	**55,465**	**59,881**	**67,595**

Prospective statement of changes in net assets/equity

Annual Plan 2020/21		Notes	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
542,655	**Balance at 1 July**		550,684	566,282	580,373	605,738	636,782	673,210	712,906	761,307	816,772	876,653
3,993	Total comprehensive revenue and expense previously reported		15,598	14,090	25,365	31,044	36,428	39,696	48,401	55,465	59,881	67,595
528,648	**Balance at 30 June**		**566,282**	**580,373**	**605,738**	**636,782**	**673,210**	**712,906**	**761,307**	**816,772**	**876,653**	**944,248**
	Total comprehensive revenue and expense attributable to:											
3,993	Equity holders of the parent		15,598	14,090	25,365	31,044	36,428	39,696	48,401	55,465	59,881	67,595

Prospective statement of financial position

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Current assets											
24,166	Cash and cash equivalents		30,045	33,907	34,750	31,264	30,211	33,232	36,103	40,222	35,346	30,341
16,914	Trade and other receivables		24,963	25,563	26,125	26,752	27,421	28,051	28,753	29,500	30,297	31,084
179,606	Other financial assets - current		96,096	72,975	72,889	85,788	99,957	113,810	82,125	83,586	95,768	102,797
245	Inventories		258	264	270	276	283	290	297	305	313	321
220,931	**Total current assets**		**151,362**	**132,709**	**134,034**	**144,080**	**157,872**	**175,383**	**147,278**	**153,612**	**161,723**	**164,543**
	Non-current assets											
1,857	Trade and other receivables - non-current		1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603
516,276	Property plant and equipment		562,368	595,094	621,676	645,618	668,390	692,084	720,545	751,104	783,553	818,242
5,498	Intangible assets		6,893	5,802	4,622	3,491	2,833	1,640	1,001	633	362	145
17	Investments in equity accounted associates		10	10	10	10	10	10	10	10	10	10
	Other financial assets:											
87	- Investment in other entities		51	51	51	51	51	51	51	51	51	51
10,148	- Investment in CCO's and other similar entities		57,969	59,769	59,059	57,967	59,259	59,669	59,159	58,959	59,469	60,677
25,000	- Loans to related parties (Quayside Holdings Limited)		109,600	149,600	149,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600
6,342	- Other financial assets - non current		0	0	0	0	0	0	50,000	70,000	90,000	120,000
565,226	**Total non-current assets**		**738,494**	**811,928**	**836,620**	**818,340**	**841,745**	**864,656**	**941,969**	**991,959**	**1,044,647**	**1,110,327**
786,157	**Total assets**		**889,855**	**944,637**	**970,654**	**962,420**	**999,617**	**1,040,039**	**1,089,246**	**1,145,572**	**1,206,370**	**1,274,870**
	Current liabilities											
16,542	Trade and other payables		21,564	22,082	22,568	23,109	23,687	24,232	24,838	25,483	26,171	26,852
4,916	Employee benefit liabilities		6,152	6,300	6,438	6,593	6,758	6,913	7,086	7,270	7,467	7,661
90,500	Borrowings - short term		90,500	30,000	15,400	0	40,500	30,000	20,000	45,500	80,900	40,000
111,958	**Total current liabilities**		**118,216**	**58,382**	**44,406**	**29,702**	**70,945**	**61,145**	**51,924**	**78,254**	**114,538**	**74,513**

Prospective statement of financial position *continued*

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Non-current liabilities											
1,251	Employee benefit liabilities - long term		1,056	1,082	1,110	1,135	1,162	1,188	1,216	1,246	1,278	1,310
140,900	Borrowings - long term		200,900	301,400	316,000	291,400	250,900	261,400	271,400	245,900	210,500	251,400
3,400	Put option		3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
145,551	**Total non-current liabilities**		**205,356**	**305,882**	**320,510**	**295,935**	**255,462**	**265,988**	**276,016**	**250,546**	**215,178**	**256,110**
257,509	**Total liabilities**		**323,573**	**364,264**	**364,916**	**325,637**	**326,407**	**327,133**	**327,940**	**328,800**	**329,716**	**330,623**
528,648	**Total net assets**		**566,282**	**580,373**	**605,738**	**636,782**	**673,210**	**712,906**	**761,307**	**816,772**	**876,653**	**944,248**

Prospective statement of financial position *continued*

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Equity											
192,685	Retained earnings		191,157	185,474	190,226	191,026	188,951	186,397	186,755	187,078	187,282	186,414
197,197	Asset revaluation reserve	2	224,856	244,029	265,106	287,421	311,850	337,079	364,684	394,640	426,703	462,136
40,234	Asset replacement reserve	2	58,119	65,214	61,562	60,514	61,160	61,972	62,157	62,797	63,587	65,600
465	Environmental enhancement fund	2	274	274	275	277	280	285	292	300	310	321
2,738	Disaster reserve	2	1,778	1,181	536	209	1,233	1,175	1,370	2,427	2,750	3,523
5,340	Equalisation reserve	2	3,090	4,764	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020
5,453	Infrastructure fund reserve	2	0	0	0	0	0	0	0	0	0	0
33,435	Regional fund reserve	2	30,422	23,389	24,933	34,780	47,190	62,901	81,970	105,381	131,637	160,516
45,000	Toi Moana reserve	2	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
3,431	Rates current account reserve	2	5,217	4,614	3,581	2,966	2,887	3,364	4,266	4,259	4,415	5,692
401	Rotorua lakes deed funding reserve	2	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401
606	Kaituna NZTA reserve	2	604	604	604	604	604	604	604	604	604	604
0	CDEM group reserve	2	887	887	887	887	887	887	887	887	887	887
189	Kaituna River authority reserve	2	188	188	188	188	188	188	188	188	188	188
487	Kaituna River remediation	2	491	491	491	491	491	491	491	491	491	491
986	Financial assets reserve	2	1,799	1,861	1,927	1,995	2,067	2,142	2,220	2,298	2,376	2,454
528,648	**Total equity**		**566,282**	**580,373**	**605,739**	**636,782**	**673,210**	**712,906**	**761,307**	**816,772**	**876,653**	**944,248**

Prospective statement of cash flows

Annual Plan 2020/21		Notes	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$000			$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Cash flows from operating activities											
57,198	General and targeted rates		63,397	66,101	68,948	74,508	77,201	79,922	82,878	84,800	88,154	92,561
22,892	Grants & subsidies		29,727	23,355	23,486	20,767	20,015	20,538	18,635	18,997	19,566	19,957
95	GST		1,815	1,857	1,901	1,947	1,996	2,048	2,103	2,160	2,225	2,295
17,782	Other receipts from customers		17,224	16,085	16,100	16,372	16,630	16,840	17,091	17,443	17,790	17,868
5,781	Interest income (received)		2,032	2,349	3,018	3,352	3,626	4,209	4,931	5,616	6,102	6,320
(3,258)	Interest paid		(3,051)	(3,664)	(4,342)	(4,416)	(3,836)	(3,681)	(3,570)	(3,628)	(3,660)	(3,840)
33,200	Dividends		44,600	43,550	44,786	46,059	47,370	48,721	50,112	51,545	53,021	54,541
(85,622)	Payments to suppliers		(99,944)	(95,395)	(89,349)	(88,795)	(89,083)	(91,865)	(88,553)	(88,452)	(91,449)	(92,761)
(44,433)	Payments to employees		(46,976)	(48,144)	(49,227)	(50,188)	(51,332)	(52,042)	(52,963)	(53,808)	(54,794)	(55,795)
3,635	**Net cash from operating activities**		**8,823**	**6,094**	**15,321**	**19,606**	**22,586**	**24,690**	**30,663**	**34,673**	**36,955**	**41,146**
	Cash flows from investing activities											
0	Proceeds from sale of property, plant & equipment		0	0	0	0	0	0	0	0	0	0
(50,715)	Purchase of property, plant & equipment		(33,542)	(21,378)	(13,047)	(8,987)	(5,794)	(5,019)	(7,520)	(6,587)	(6,542)	(5,246)
(947)	Purchase of intangible assets		(1,433)	(466)	(474)	(508)	(554)	(503)	(540)	(551)	(563)	(561)
(38,995)	Purchase of investments		0	0	(2,095)	(14,994)	(16,238)	(15,911)	(20,383)	(23,705)	(34,307)	(39,226)
54,776	Investment withdrawals		36,697	20,985		0	0	0	0	0	0	0
(35,881)	**Net cash from investing activities**		**1,722**	**(859)**	**(15,616)**	**(24,489)**	**(22,586)**	**(21,433)**	**(28,442)**	**(30,843)**	**(41,412)**	**(45,033)**

Prospective statement of cash flows *continued*

Annual Plan 2020/21 $000		Notes	2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Cash flows from financing activities											
40,000	Proceeds from borrowings		40,000	40,000	0	0	0	0	0	0	0	0
0	Repayment of borrowings		0	0	0	(40,000)	0	0	0	0	0	0
0	Loan issued to QHL		(40,000)	(40,000)	0	40,000	0	0	0	0	0	0
(840)	Borrower Notes		(216)	(1,800)	710	1,092	(1,292)	(410)	510	200	(510)	(1,208)
(2,010)	Loans issued to ratepayers		0	0	0	0	0	0	0	0	0	0
770	Loan repayments from ratepayers		432	427	429	304	240	174	141	88	90	92
37,920	**Net cash from financing activities**		**216**	**(1,373)**	**1,139**	**1,396**	**(1,052)**	**(236)**	**651**	**288**	**(420)**	**(1,116)**
5,674	**Net increase/ (decrease) in cash, cash equivalents and bank overdrafts**		**10,761**	**3,863**	**843**	**(3,487)**	**(1,052)**	**3,020**	**2,871**	**4,118**	**(4,877)**	**(5,003)**
18,492	Cash, cash equivalents and bank overdrafts at the beginning of the year		19,284	30,045	33,907	34,750	31,264	30,212	33,232	36,103	40,222	35,345
24,166	**Cash, cash equivalents and bank overdrafts at the end of the year**		**30,045**	**33,907**	**34,750**	**31,264**	**30,212**	**33,232**	**36,103**	**40,222**	**35,345**	**30,342**

Notes to Prospective financial statements

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

Annual Plan 2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Revenue by group of activities										
27,028	Catchment Management	33,659	31,450	31,330	29,539	30,127	31,862	30,198	31,548	32,522	36,064
17,426	Flood Protection & Control	18,424	18,142	18,664	19,058	20,011	20,700	21,703	22,706	23,586	25,063
15,273	Resource Regulation & Monitoring	16,845	17,176	17,802	18,195	18,827	19,477	20,158	20,928	21,578	23,381
31,396	Transport and Urban Planning	38,116	38,955	41,547	45,991	46,947	47,734	48,926	48,640	50,330	53,212
21,995	Democracy, Engagement and Planning	23,032	24,575	25,790	27,086	28,638	29,497	30,911	31,776	33,014	37,037
3,001	Emergency Management	3,462	3,589	3,670	3,719	3,798	3,884	3,932	4,006	4,073	4,130
13,591	Support Services	15,499	14,569	15,833	16,371	16,494	17,076	17,819	18,797	19,530	12,360
129,710	**Activity operating revenue**	**149,036**	**148,455**	**154,636**	**159,958**	**164,841**	**170,230**	**173,647**	**178,401**	**184,633**	**191,247**
	Reconciliation to income statement										
7,144	Plus subsidies and grants for capital expenditure	7,944	2,985	1,701	1,100	0	0	0	0	0	0
136,854	**Total operating revenue - income statement**	**156,980**	**151,440**	**156,337**	**161,058**	**164,841**	**170,230**	**173,647**	**178,401**	**184,633**	**191,247**

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

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Reconciliation to funding impact statement										
(3,404)	Less subsidies and grants for capital expenditure	(6,095)	(2,624)	(1,701)	(1,100)	0	0	0	0	0	0
(3,740)	Less other dedicated capital funding	(1,848)	(361)	0	0	0	0	0	0	0	0
129,710	**Total sources of operating funding**	**149,036**	**148,455**	**154,636**	**159,958**	**164,841**	**170,230**	**173,647**	**178,401**	**184,633**	**191,247**
	Expenditure by group of activities										
32,352	Catchment Management	33,670	30,211	29,760	27,368	27,147	28,293	23,934	24,140	24,259	24,568
13,375	Flood Protection & Control	16,152	15,966	16,526	16,391	15,672	17,021	17,324	16,716	18,079	18,093
15,210	Resource Regulation & Monitoring	15,649	15,478	15,787	15,987	16,312	16,670	16,871	17,170	17,433	17,670
34,609	Transport and Urban Planning	39,088	39,900	43,796	45,291	45,823	46,093	46,858	47,635	48,962	49,881
25,946	Regional Planning & Engagement	33,455	33,556	24,056	24,917	25,754	25,423	25,563	24,873	25,246	25,549
3,847	Emergency Management	3,461	3,587	3,665	3,713	3,790	3,874	3,921	3,994	4,058	4,113
17,107	Support Services	17,277	17,887	18,527	18,730	18,416	18,463	18,458	18,443	18,855	19,289
142,447	**Total operating expenditure**	**158,753**	**156,586**	**152,116**	**152,397**	**152,914**	**155,838**	**152,928**	**152,970**	**156,893**	**159,163**
	Reconciliation to income statement										
142,447	**Total expenditure - income statement**	**158,753**	**156,586**	**152,116**	**152,397**	**152,914**	**155,838**	**152,928**	**152,970**	**156,893**	**159,163**

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

Annual Plan 2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$000		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
	Reconciliation to funding impact statement										
(9,130)	Less depreciation	(8,781)	(9,383)	(9,198)	(8,999)	(8,663)	(8,250)	(7,842)	(7,083)	(6,990)	(6,767)
133,316	**Total applications of operating funding**	**149,972**	**147,203**	**142,918**	**143,399**	**144,251**	**147,588**	**145,087**	**145,888**	**149,902**	**152,396**
(5,593)	**Net cost of service**	**(1,773)**	**(5,145)**	**4,222**	**8,661**	**11,928**	**14,392**	**20,718**	**25,431**	**27,740**	**32,084**
(3,606)	**Surplus (deficit) of operating funding**	**(936)**	**1,252**	**11,718**	**16,559**	**20,590**	**22,642**	**28,560**	**32,513**	**34,730**	**38,851**

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 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Asset Revaluation Reserve										
187,769	Opening balance surplus (deficit)	207,548	224,857	244,029	265,107	287,422	311,851	337,080	364,685	394,641	426,704
9,428	Deposits	17,309	19,172	21,078	22,315	24,429	25,229	27,605	29,956	32,063	35,433
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
197,197	**Closing balance surplus (deficit)**	**224,857**	**244,029**	**265,107**	**287,422**	**311,851**	**337,080**	**364,685**	**394,641**	**426,704**	**462,137**
	Asset Replacement Reserve										
22,845	Opening balance surplus (deficit)	54,190	58,119	65,214	61,561	60,514	61,159	61,970	62,157	62,797	63,587
73,771	Deposits	54,917	43,273	24,921	24,120	22,125	22,184	22,036	22,144	22,369	22,704
(56,381)	Withdrawals	(50,988)	(36,177)	(28,573)	(25,167)	(21,480)	(21,373)	(21,848)	(21,504)	(21,579)	(20,691)
40,235	**Closing balance surplus (deficit)**	**58,119**	**65,214**	**61,561**	**60,514**	**61,159**	**61,970**	**62,157**	**62,797**	**63,587**	**65,600**
	Environmental Enhancement Fund										
465	Opening balance surplus (deficit)	274	274	274	275	277	280	285	292	300	310
333	Deposits	341	348	356	365	373	382	392	402	412	412
(333)	Withdrawals	(341)	(348)	(355)	(363)	(370)	(377)	(385)	(393)	(402)	(400)
465	**Closing balance surplus (deficit)**	**274**	**274**	**275**	**277**	**280**	**285**	**292**	**300**	**310**	**321**
	Disaster Reserve										
1,744	Opening balance surplus (deficit)	2,410	1,778	1,181	536	210	1,234	1,176	1,371	2,427	2,750
994	Deposits	1,008	963	941	990	1,024	1,043	1,056	1,056	1,056	1,056
0	Withdrawals	(1,640)	(1,560)	(1,586)	(1,315)	0	(1,101)	(861)	0	(733)	(284)
2,738	**Closing balance surplus (deficit)**	**1,778**	**1,181**	**536**	**210**	**1,234**	**1,176**	**1,371**	**2,427**	**2,750**	**3,522**

Note 2 Reserves *continued*

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Equalisation Fund Reserve										
10,079	Opening balance surplus (deficit)	2,004	3,090	4,764	8,020	8,020	8,020	8,020	8,020	8,020	8,020
0	Deposits	1,086	1,675	3,256	0	0	0	0	0	0	0
(4,739)	Withdrawals	0	0	0	0	0	0	0	0	0	0
5,340	**Closing balance surplus (deficit)**	**3,090**	**4,764**	**8,020**	**8,020**	**8,020**	**8,020**	**8,020**	**8,020**	**8,020**	**8,020**
	Infrastructure Fund Reserve										
9,198	Opening balance surplus (deficit)	0	0	0	0	0	0	0	0	0	0
0	Deposits	0	0	0	0	0	0	0	0	0	0
(3,745)	Withdrawals	0	0	0	0	0	0	0	0	0	0
5,453	**Closing balance surplus (deficit)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Regional Project Fund Reserve										
32,925	Opening balance surplus (deficit)	36,533	30,422	23,389	24,932	34,780	47,190	62,900	81,970	105,380	131,637
3,510	Deposits	7,572	6,409	6,470	11,697	14,260	17,915	19,070	23,410	26,257	28,878
(3,000)	Withdrawals	(13,683)	(13,443)	(4,927)	(1,850)	(1,850)	(2,205)	0	0	0	0
33,435	**Closing balance surplus (deficit)**	**30,422**	**23,389**	**24,932**	**34,780**	**47,190**	**62,900**	**81,970**	**105,380**	**131,637**	**160,515**
	Toi Moana reserve										
45,000	Opening balance surplus (deficit)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
0	Deposits	0	0	0	0	0	0	0	0	0	0
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
45,000	**Closing balance surplus (deficit)**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**	**45,000**

Note 2 Reserves *continued*

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Rates Current Account Reserve										
6,086	Opening balance surplus (deficit)	5,776	5,216	4,614	3,581	2,966	2,887	3,365	4,268	4,259	4,415
585	Deposits	1,625	775	725	1,190	1,300	1,350	1,450	1,650	1,650	1,650
(3,241)	Withdrawals	(2,185)	(1,377)	(1,758)	(1,805)	(1,379)	(873)	(547)	(1,659)	(1,494)	(374)
3,430	**Closing balance surplus (deficit)**	**5,216**	**4,614**	**3,581**	**2,966**	**2,887**	**3,365**	**4,268**	**4,259**	**4,415**	**5,691**
	Rotorua Lakes Deed Funding Reserve										
3,401	Opening balance surplus (deficit)	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401
0	Deposits	0	0	0	0	0	0	0	0	0	0
(3,000)	Withdrawals	0	0	0	0	0	0	0	0	0	0
401	**Closing balance surplus (deficit)**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**	**2,401**
	Kaituna NZTA reserve										
606	Opening balance surplus (deficit)	604	604	604	604	604	604	604	604	604	604
0	Deposits	0	0	0	0	0	0	0	0	0	0
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
606	**Closing balance surplus (deficit)**	**604**	**604**	**604**	**604**	**604**	**604**	**604**	**604**	**604**	**604**
	CDEM Group Reserve										
570	Opening balance surplus (deficit)	887	887	887	887	887	887	887	887	887	887
0	Deposits	0	0	0	0	0	0	0	0	0	0
(570)	Withdrawals	0	0	0	0	0	0	0	0	0	0
0	**Closing balance surplus (deficit)**	**887**	**887**	**887**	**887**	**887**	**887**	**887**	**887**	**887**	**887**

Note 2 Reserves *continued*

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Kaituna River Authority Reserve										
190	Opening balance surplus (deficit)	188	188	188	188	188	188	188	188	188	188
0	Deposits	0	0	0	0	0	0	0	0	0	0
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
190	**Closing balance surplus (deficit)**	**188**	**188**	**188**	**188**	**188**	**188**	**188**	**188**	**188**	**188**
	Kaituna River Remediation										
487	Opening balance surplus (deficit)	491	491	491	491	491	491	491	491	491	491
0	Deposits	0	0	0	0	0	0	0	0	0	0
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
487	**Closing balance surplus (deficit)**	**491**	**491**	**491**	**491**	**491**	**491**	**491**	**491**	**491**	**491**
	Financial Assets for Resale Reserve										
828	Opening balance surplus (deficit)	1,735	1,799	1,861	1,927	1,995	2,067	2,142	2,220	2,298	2,376
158	Deposits	64	62	66	68	72	75	78	78	78	78
0	Withdrawals	0	0	0	0	0	0	0	0	0	0
986	**Closing balance surplus (deficit)**	**1,799**	**1,861**	**1,927**	**1,995**	**2,067**	**2,142**	**2,220**	**2,298**	**2,376**	**2,454**
	Total Reserves										
322,193	Opening balance surplus (deficit)	360,041	375,125	394,897	415,511	445,755	484,259	526,509	574,554	629,693	689,370
88,779	Deposits	83,922	72,678	57,813	60,745	63,583	68,179	71,687	78,695	83,885	90,211
(75,009)	Withdrawals	(68,837)	(52,906)	(37,199)	(30,500)	(25,079)	(25,929)	(23,641)	(23,556)	(24,208)	(21,750)
335,963	**Closing balance surplus (deficit)**	**375,125**	**394,897**	**415,511**	**445,755**	**484,259**	**526,509**	**574,554**	**629,693**	**689,370**	**757,832**

Note 3 Depreciation and amortisation

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Depreciation and amortisation by group of activities										
1,182	Catchment Management	1,081	1,161	1,118	1,054	1,052	1,052	1,023	908	908	799
1,874	Flood Protection & Control	1,447	1,441	1,440	1,431	1,431	1,431	1,427	1,427	1,427	1,423
81	Resource Regulation & Monitoring	87	92	87	89	86	94	97	102	109	115
390	Transport and Urban Planning	430	522	613	615	409	196	99	5	2	0
0	Democracy, Engagement and Planning	0	0	0	0	0	0	0	0	0	0
0	Emergency Management	0	0	0	0	0	0	0	0	0	0
5,603	Support Services	5,735	6,167	5,941	5,810	5,685	5,478	5,195	4,640	4,544	4,430
9,130	**Total depreciation and amortisation**	**8,781**	**9,383**	**9,198**	**8,999**	**8,663**	**8,250**	**7,842**	**7,083**	**6,990**	**6,767**

Note 4 Financial Prudence

Long Term Plan 2021-2031 disclosure statement for period commencing 1 July 2021

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 2021-2031 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	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
General rates	31,110	32,989	34,981	36,741	38,588	40,528	42,565	44,703	46,949	49,307
Targeted rates	32,287	33,112	33,966	37,767	38,613	39,394	40,313	40,097	41,205	43,255
Planned Total rates	**63,397**	**66,101**	**68,948**	**74,508**	**77,201**	**79,922**	**82,878**	**84,800**	**88,154**	**92,561**

Rates affordability benchmark

Council meets the rates affordability benchmark if:

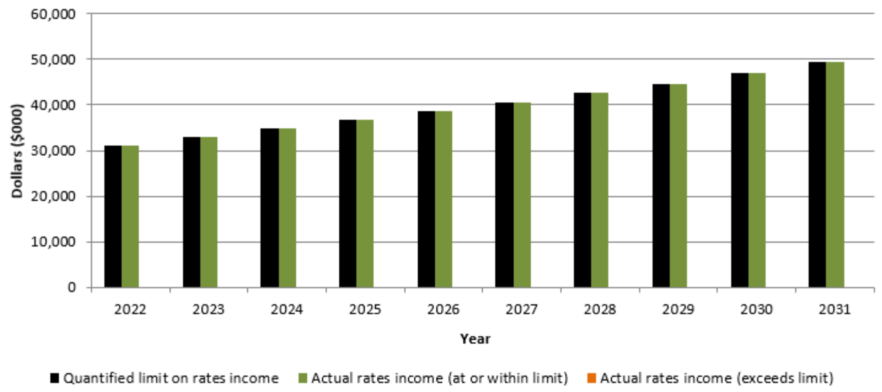
Its planned rates income equals or is less than each quantified limit on rates; and

Its planned rates increase equals or is less than each quantified limit on rates increases.

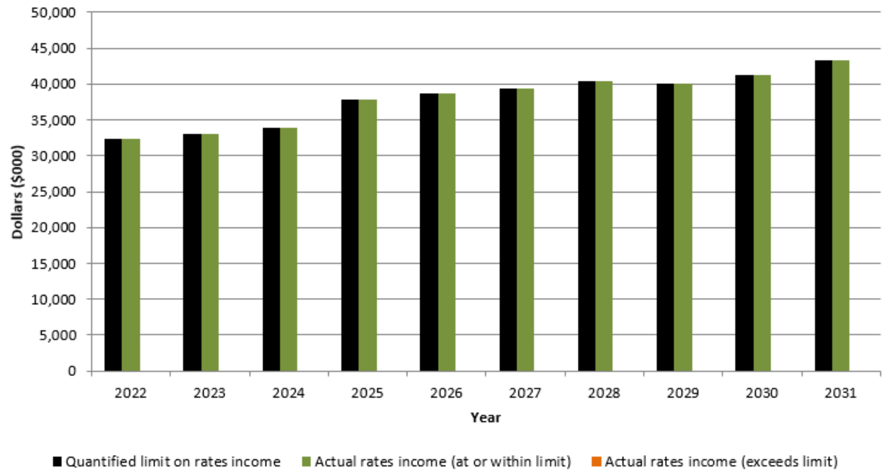
Rates (income) affordability

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 2021-2031. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars.

General rates



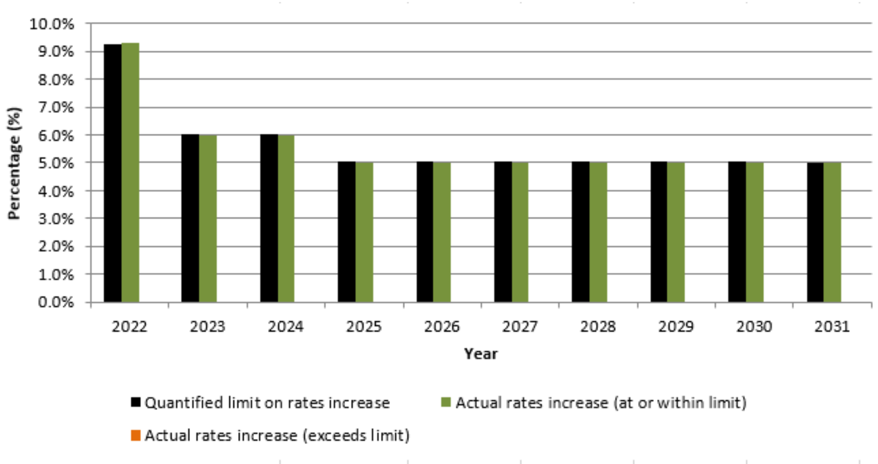
Targeted rates



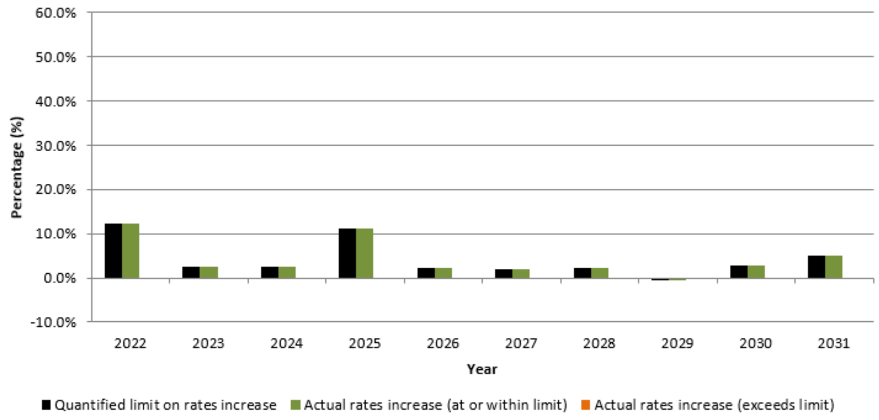
Rates (increase) affordability

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 2021-2031. The quantified limit is set for each financial year and measured as percentage rate rise from the previous financial year.

General rates



Targeted rates



Debt affordability benchmark

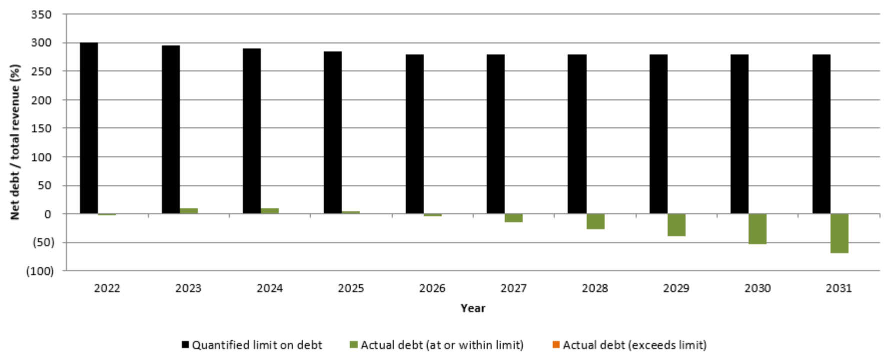
Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graphs compare Council's planned debt with a quantified limit on borrowing in the financial strategy included in Council's LTP 2021-2031. The quantified limit is set for borrowing within the following macro limits:

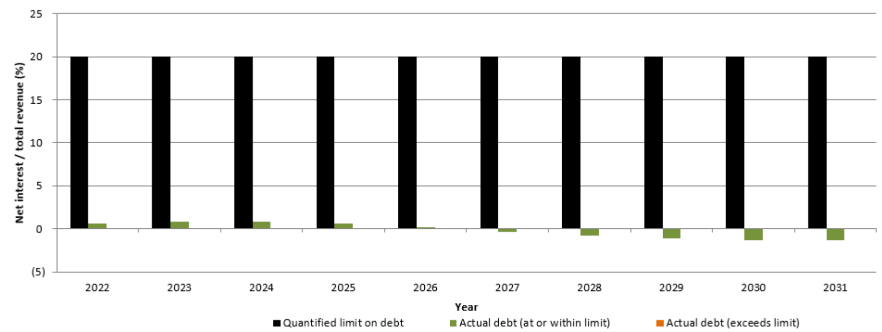
Financial covenant [1]	Limit
Net debt [2] / Total revenue [3]	<280%-300%
Net interest / Total revenue	<20%
Net interest / Annual rates revenue	<30%
Liquidity [4]	>110%

1. Financial covenants are measured on Council only, not the consolidated group.
2. Net debt is defined as total debt less financial assets and investments.
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).
4. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

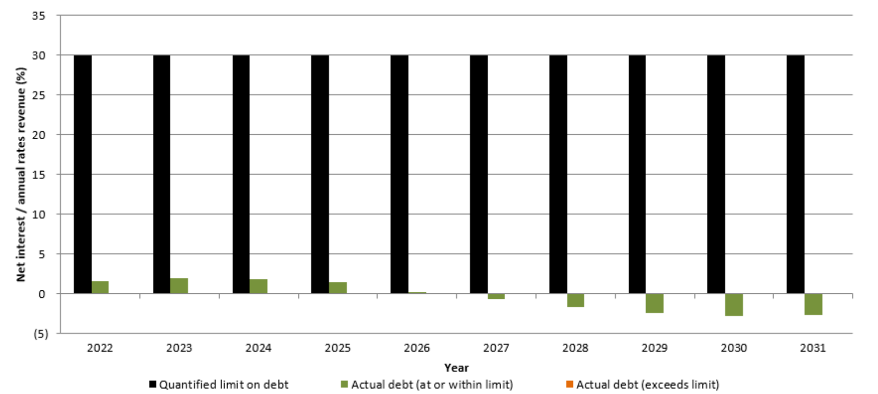
Net debt/total revenue



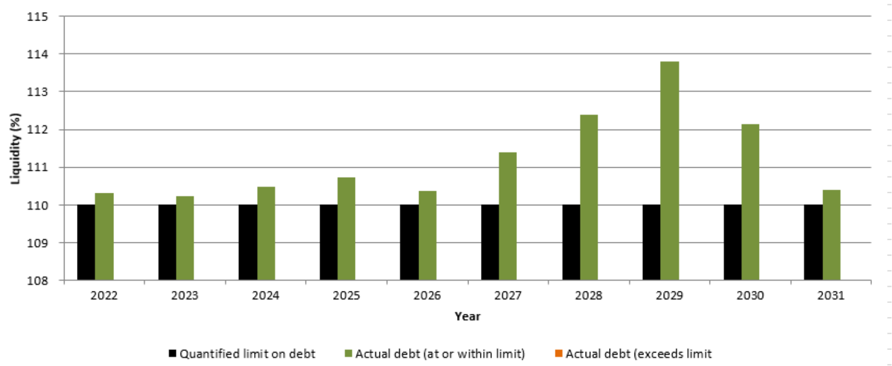
Net interest/total revenue



Net interest/annual rates revenue



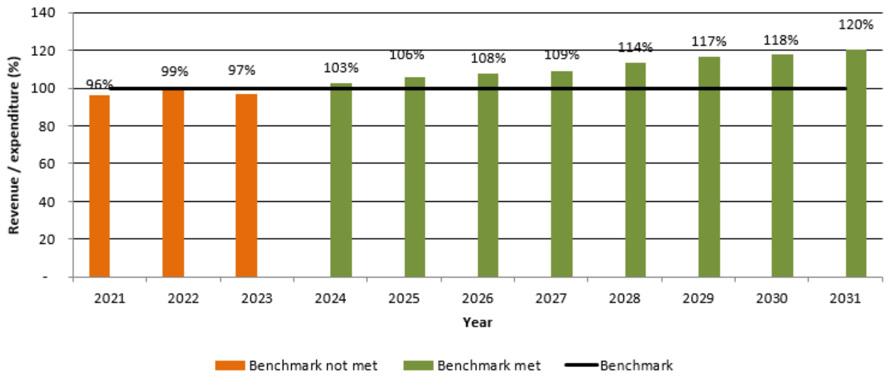
Liquidity



Balanced budget benchmark

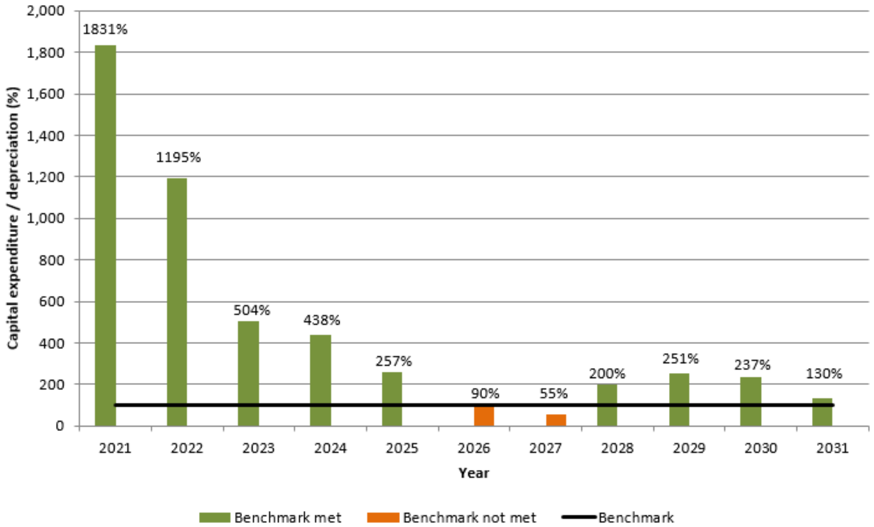
The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative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

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



Essential services benchmark

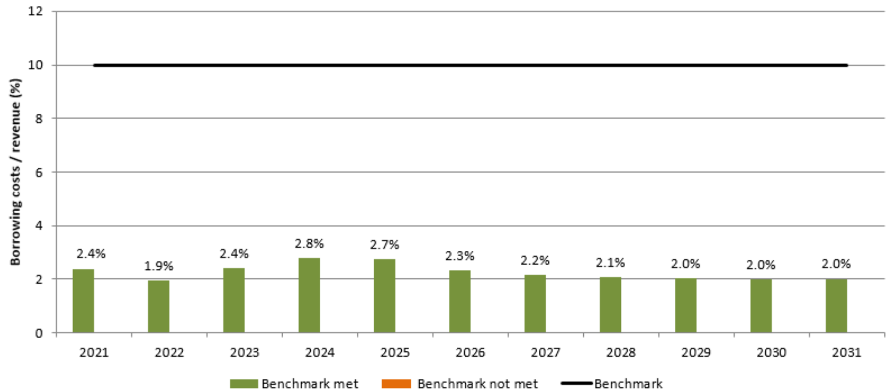
The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



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 *slower* 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 goods or services for the community and social benefit, rather than making a financial return. Accordingly, 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, 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 and Cibus Technologies 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). 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 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 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 Section95 and Part 2 of Schedule 10 which includes the requirement to comply with generally accepted accounting practice in New Zealand (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 and with the Public Benefit Entities Financial Reporting Standard- PBE FRS 42 Prospective Financial Statements, issued for 1 January 2019.

These financial statements use forecast opening balances for the period ending 30 June 2021 and estimates have been restated accordingly, if 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 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 XXXXXX.

Council, which is authorised to do so and believes that the assumptions underlying these prospective financial statements are appropriate, has approved the LTP 2021-2031 for distribution.

Council and its management accepts 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 2021. Council does not intend to update the prospective financial statements subsequent to presentation.

Measurement base

The 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

New standards, amendments and interpretation issued but not yet effective have not been adopted early by Council but will be applied with any resulting reporting changes as from:

- PBE IPSAS 41 Financial instruments, issued for 1 January 2022
- PBE FRS 48 Service Performance Reporting, issued for January 2021
- PBE IPSAS 2 Cash flow statements, issued for 1 January 2021
- PBE IAS 12 Income Taxes

Significant accounting policies

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 2021-2031 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.

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 income statement. Interest income 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 group's 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 expenses

Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions and impairment losses recognized 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.

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.

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 recognized 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 includes 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 recognized 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 recognizing 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. 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.

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

Bay of Plenty Regional 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 profit or loss, and is the amount of expected credit losses (or reversal).

Unlisted shared

Unlisted shared are carried at fair value. The investment in shares held by Council, consisting of LGFA and Civic Financial Services Ltd, 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 amortized cost and adjusted for impairment losses. An impairment gain or loss is recognised in profit or loss, 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 mandatorily measured at fair value through profit or loss include share market investments and other equity investments.

The fair value of share market investments measured at fair value through the income statement 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.

Classification of financial instruments

For the purpose of measurement, the group and the council's 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 provison 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

There were no impairment expenses or provisions for other financial assets. None of the financial assets are either past due or impaired.

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 that the group expects 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).

The financial effects are not material and the balances are not adjusted (2019:nil).

Accounting for derivative financial instruments and hedging activities

Council uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives 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 income statement. 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.

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 surplus or deficit, in the same period that the hedged item affects the statement of comprehensive revenue and expense.

Fair value hedges

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.

Property, plant and equipment

Property, plant and equipment consist of:

- 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 recognized at cost less impairment, if any, and it not depreciated.

Revaluation

Land, buildings, rivers and drainage, maritime and restricted assets are measured at fair value, based on periodic valuations by external independent valuers or valuations by Council employees which are reviewed by external independent consultants Council undertakes a three yearly revaluation cycle 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.

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 recognized in profit or loss 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%-6.67%
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.

Intangible assets

Intangible assets which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful lives for the current and comparative periods are as follows:

- Computer software 1 to 10 years

The carrying amounts of Council's intangibles are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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 Council's website are recognised as an expense when incurred.

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

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 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.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating-assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

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, the Council has 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.

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 recognized 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

Council grants employees 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 derecognized if the Council's obligations as specified in the contract expire or are discharged or cancelled.

Subsequent to initial recognition, all borrowings are measured at amortised cost using the effective interest method, less any impaiment 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.

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.

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.

Equalisation reserve

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

Infrastructure fund reserve

This reserve is used to fund infrastructure projects that benefit the wider regional community. It was established with the proceeds of the perpetual preference share issue. Use of this reserve must comply with the Inland Revenue Department Binding Ruling. It is available for use by any activity that has infrastructure projects that meet this criteria.

Regional fund reserve

This reserve is used to fund third party infrastructure projects. 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.

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 (MfE) and Council (general and targeted rate) funding allocated to match MfE funds. This reserve is used by the Rotorua Lakes Activity.

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.

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.

Goods and Services Tax (GST)

Items in the 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.

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 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.

Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

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
- intangible assets
- 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 2021-2031.

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 a A-/BBB+ credit quality (Source: Moody's, based on empirical observations in the period 1983 to 2018.)

The latest valuation of the Put option was carried out on 17 September 2020 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 estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The nominal value less impairment provision of trade receivables and payables, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate, that is available to Council for similar financial instruments.

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 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 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 four CCO companies and that help it achieve its regional goals.

Quayside Holdings Limited (Quayside) independently manages commercial investments, such as a strategic holding in Port of Tauranga Limited. Council owns 100 percent of the voting interests in Quayside.

Toi Moana Trust is a financial investment designed to optimise returns on funds that were available for long-term investment and to protect the capital value of the initial investment. Council owns majority of the units in Toi Moana Trust.

BOPLASS Limited(Bay of Plenty Local Authority Shared Services) independently supports all councils in the region in efficiently delivering shared services. Council is one of nine shareholders in the Bay of Plenty and Gisborne, with a 16.13% shareholding.

The Local Government Funding Agency(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. Council is a shareholder (8.3% at November 2020), along with 29 other local authorities throughout New Zealand and Central Government.

This chapter provides an overview of these organisations, including their performance measures (where applicable) for Years One to 10 of this LTP 2021-2031. Council reports on the financials and performance of our CCOs in our annual reports.

Quayside Holdings Limited

Quayside Holdings Limited's (Quayside) 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)
- Port of Tauranga Limited (54.14% owned)
- Aqua Curo Limited (100% owned)
- Cibus Technologies Limited (100% 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.

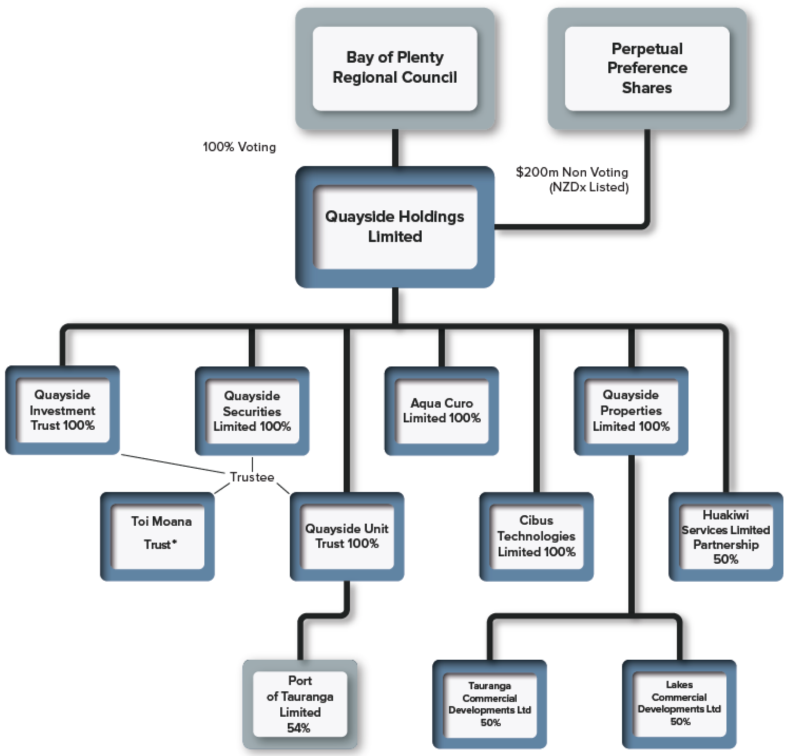
Perpetual Preference Shares

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 2020, and the dividend was reset at 2.46%.

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

Quayside Group Structure



**Quayside Securities Ltd is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.*

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:

- To be an effective cornerstone shareholder, allowing POTL (or any other subsidiary) to perform as an independent commercial company through the effective separation of Council and Port responsibilities
- To enable the Council to undertake commercial activities in accord with the Local Government Act 2002
- To act as a responsible commercially focused investor and manager, targeting long-term commercial returns and delivering the shareholder growth and income
- To provide Council with a consistent, sustainable, inflation proof intergenerational revenue stream through annual distributions
- To access additional commercial expertise through the appointment of independent directors
- To provide appropriate access to efficient funding to Quayside and Council
- Seek and/or where requested by Council, identify, analyse, implement and/or manage new commercial opportunities
- To work openly with Council to provide regional benefit, while investing for commercial returns
- To ensure open dialogue exists between the Group and the Council
- To comply with all relevant legislation as a CCO, CCTO and an issuer on the debt exchange of the NZX.
- To promote within the group Social and Corporate Responsibility, rigorous health and safety management, and sound and equitable employment practices in accordance with the QHL policy on Diversity and Inclusion.

Assets and ownership objectives

As at 30 June 2020 the market value of the Quayside investment in POTL was $2.798 billion. This represents 54.14% of the total shares issued by POTL. Retaining majority ownership of this asset is deemed strategic to both Quayside and Council.

Distributions

In the year to 30 June 2020 Quayside made net distributions of $32.1 million to Council and $7.7 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:	2020/21 Forecast $ million	2021/22 Forecast $ million	2022/23 Forecast $ million
Council	$40.0	$41.2	$42.4
Perpetual Preference Shareholders (net)	$4.92	$4.92	$4.92
Total Distribution	$44.92	$46.12	$47.32

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 Sir Rob McLeod (Chairman), Stuart Crosby, Fiona McTavish, Dr Warren Parker, Keiran Home, Paula Thompson and Brett Hewlett. The Chief Executive of Quayside is Scott Hamilton.

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 (the Trust) was established in 2019 as a portfolio investment entity (PIE), with Council owning majority of the units in the Trust. The Trust is a subsidiary of Council.

Objectives

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

The primary objective is providing optimized long-term investment returns without the restraint of liquidity requirements to Council. Its secondary objecti8ve is to protect the capital value of its investment over the longer term.

Governance

Quayside Holdings Limited has been appointed to be the manager (the Manager) of the Trust. The role of the manager commenced on 1 July 2019. Quayside Holdings Limited is the parent of Quayside Securities Limited. Toi Moana Trust is a PIE under the Quayside Investment Trusts, Trust Deed. Quayside Securities Limited is a corporate trustee of the assets of Quayside Investment Trusts.

BOPLASS Ltd

Background

The local authorities in the Bay of Plenty and Gisborne regions established BOPLASS Ltd in 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.

Council is a shareholder in BOPLASS Ltd, with eight other local authorities in the Bay of Plenty and Gisborne (as at November 2020 Council has a 16.1% shareholding).

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 principle 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
- 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

Council became a partner of the Local Government Funding Agency (LGFA) following a public consultation process in 2011. The nature of the LGFA is to provide lower-cost borrowing for New Zealand's local authorities than the local authorities could individually acquire through private sector lending institutions.

The LGFA was established by the Local Government Borrowing Act 2011. Council is a shareholder (8.3% as at November 2020) along with other local authorities throughout New Zealand and Central Government.

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.

Quayside Holdings Limited Performance Indicators

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Quayside Holdings Limited *(1)*	Maintain a majority holding in the Port of Tauranga Limited	54.14% holding at 30 June 2020	Holding of greater than 51%	Holding of greater than 51%	Holding of greater than 51%	Holding of greater than 51%
	Generate commercial returns across the investment portfolio	12.13% three year rolling gross return	Five year rolling gross return of at least 7.5% per annum	Five year rolling gross return of at least 7.5% per annum	Five year rolling gross return of at least 7.5% per annum	Five year rolling gross return of at least 7.5% per annum
	Generate long-term commercial returns and/or regional benefit through a portfolio of real assets	Annual Board assessment for each asset completed in June 2020	Annual Board assessment of benefit of each asset, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of benefit of each asset, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of benefit of each asset, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of benefit of each asset, considering portfolio alignment, long term commercial return and any regional benefit factors.
	Generate long-term commercial returns and/or regional benefit through a portfolio of private equity assets	Achieved	Annual Board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	Annual Board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.
	Keep Council informed on a no surprises basis, providing quality and timely information	Achieved	A minimum of four presentations to Council shareholders per annum plus timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	A minimum of four presentations to Council shareholders per annum plus timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	A minimum of four presentations to Council shareholders per annum plus timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	A minimum of four presentations to Council shareholders per annum plus timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.
	Ensure Group Policies and Procedures are current and appropriate	Achieved	All policies and procedures to be reviewed biennially	All policies and procedures to be reviewed biennially	All policies and procedures to be reviewed biennially	All policies and procedures to be reviewed biennially

1. The KPIs for Quayside measure the performance of the QHL Group as a whole and are not for individual subsidaries of the Group

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Quayside Holdings Limited *(1)*	Meet shareholder distribution expectations as outlined in SOI or as otherwise agreed	Achieved	Distributions paid to agreed values	Distributions paid to agreed values	Distributions paid to agreed values	Distributions paid to agreed values
	Compliance with NZX listing requirements for PPS holders	Achieved	Matters of material impact are disclosed in line with QHL framework for continuous disclosure. Board reporting of PPS compliance and monitoring.	Matters of material impact are disclosed in line with QHL framework for continuous disclosure. Board reporting of PPS compliance and monitoring	Matters of material impact are disclosed in line with QHL framework for continuous disclosure. Board reporting of PPS compliance and monitoring	Matters of material impact are disclosed in line with QHL framework for continuous disclosure. Board reporting of PPS compliance and monitoring
	Investments must be in accordance with the Group Principles of Responsible Investment	Not measured	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments in accordance with the principles for responsible investment set out in the Quayside SIPO. Board reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments in accordance with the principles for responsible investment set out in the Quayside SIPO. Board reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments in accordance with the principles for responsible investment set out in the Quayside SIPO. Board reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments in accordance with the principles for responsible investment set out in the Quayside SIPO. Board reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.

1. The KPIs for Quayside measure the performance of the QHL Group as a whole and are not for individual subsidaries of the Group

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Quayside Holdings Limited *(1)*	Investments must be in accordance with principles of socially responsible investments	Not measured	Management to screen all investments for their environmental social and governance (ESG) impact, including climate change and sustainability. A summary to be included in all investment papers presented to the board. Annual report to the board on Quayside Group compliance with responsible investment principles, including ESG industry standards and best practice.	Management to screen all investments for their environmental social and governance (ESG) impact, including climate change and sustainability. A summary to be included in all investment papers presented to the board. Annual report to the board on Quayside Group compliance with responsible investment principles, including ESG industry standards and best practice.	Management to screen all investments for their environmental social and governance (ESG) impact, including climate change and sustainability. A summary to be included in all investment papers presented to the board. Annual report to the board on Quayside Group compliance with responsible investment principles, including ESG industry standards and best practice.	Not Available

1. The KPIs for Quayside measure the performance of the QHL Group as a whole and are not for individual subsidaries of the Group

Toi Moana Trust Performance Indicators

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Toi Moana Trust	Generate commercial returns across the Investment Portfolio.	Not achieved	Annual net cash flow return of 5%	Annual net cash flow return of 5%	Annual net cash flow return of 5%	Annual net cash flow return of 5%
	Capital preservation	Not achieved	Long term capital preservation over an initial period of seven years	Long term capital preservation over an initial period of seven years	Long term capital preservation over an initial period of seven years	Long term capital preservation over an initial period of seven years
	Investments must be in accordance with its principles of Responsible Investment.	Achieved	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments must be in accordance with the principles for responsible investment set out in the Toi Moana Trust SIPO. Council reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments must be in accordance with the principles for responsible investment set out in the Toi Moana Trust SIPO. Council reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments must be in accordance with the principles for responsible investment set out in the Toi Moana Trust SIPO. Council reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.	Investments must be screened from an ethical perspective and meet the following criteria. We must avoid investing in companies whose principal business activity is: • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling. Investment selection and management of investments must be in accordance with the principles for responsible investment set out in the Toi Moana Trust SIPO. Council reporting of SIPO compliance dashboard at each meeting. Annual audits of investment adherence to SIPO, including responsible investment principles.

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Toi Moana Trust	Investments must be in accordance with its Principles of Socially Responsible Investment.	Achieved	As an Organisation with a focus on environmental factors investments should be screened for their impact on the environmental, social and governance considerations, including climate change and sustainability. A summary to be included in all investment papers presented to Council. Annual report to the Council on Toi Moana Trust compliance with responsible investment principles, including ESG industry standards and best practice.	As an Organisation with a focus on environmental factors investments should be screened for their impact on the environmental, social and governance considerations, including climate change and sustainability. A summary to be included in all investment papers presented to Council. Annual report to the Council on Toi Moana Trust compliance with responsible investment principles, including ESG industry standards and best practice.	As an Organisation with a focus on environmental factors investments should be screened for their impact on the environmental, social and governance considerations, including climate change and sustainability. A summary to be included in all investment papers presented to Council. Annual report to the Council on Toi Moana Trust compliance with responsible investment principles, including ESG industry standards and best practice.	As an Organisation with a focus on environmental factors investments should be screened for their impact on the environmental, social and governance considerations, including climate change and sustainability. A summary to be included in all investment papers presented to Council. Annual report to the Council on Toi Moana Trust compliance with responsible investment principles, including ESG industry standards and best practice.
	Keep Council informed on a no surprises basis, providing quality and timely information.	Achieved	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.
	Meet Shareholders distribution expectations as outlined in SOI or as otherwise agreed.	Not measured	Distributions of $2.25 million (5%) paid	Distributions of $2.25 million (5%) paid	Distributions of $2.25 million (5%) paid	Distributions of $2.25 million (5%) paid

BOPLASS Limited Performance Indicators

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
BOPLASS Limited	Ensure supplier agreements are proactively managed to maximise benefits of BOPL.ASS 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.	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	Four initiatives	Four initiatives	Four initiatives	Not Available
	Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties	N/A – new measure in 2020/21	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.	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 listed projects to increase by 10% per year. Number of active users to increase by 20% per year	Number of listed projects to increase by 10% per year. Number of active users to increase by 20% per year	Number of listed projects to increase by 10% per year. Number of active users to increase by 20% per year	Not Available

			Target			
Council-Controlled Organisation	Key performance indicators	Result at 2019/20	Year One 2021/22	Year Two 2022/2023	Year Three 2023/2024	Year Four to Year 10 2024/25 to 2030/31
BOPLASS Limited	Communicate with each shareholding council at appropriate levels	Achieved	At least one meeting with each Executive Leadership Team per year	At least one meeting with each Executive Leadership Team per year	At least one meeting with each Executive Leadership Team per year	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	Performance against budgets reviewed quarterly. Company remains financially viable	Not Available

Local Government Funding Agency (LGFA) Performance Indicators

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Local Government Funding Agency (LGFA)	LGFA'S net interest income	Achieved actual result of $18.2 million (target of greater than $17.9 million)	Greater than $8.8 million	Greater than $20.2 million	Greater than $29 million	Not available
	LGFA's annual issuance and operating expense (excluding AIL)	Achieved actual $6.26 million (target less than $6.3 million)	Less than $6.8 million	Less than $6.8 million	Less than $7 million	Not available
	Total lending to Participating Local Authorities	Achieved actual of $10,899 million (target of at least $9,792 million)	At least $11,66 million	At least $12,26 million	At least $12,68 million	Not available
	Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by the LGFA to the borrowing activities	Achieved	85%	85%	85%	Not available
	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	Achieved	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	Not available
	Achieve 85% market share of all council borrowing in New Zealand	Achieved	85%	85%	85%	Not available

			Target			
Council-Controlled Organisation	**Key performance indicators**	**Result at 2019/20**	**Year One 2021/22**	**Year Two 2022/2023**	**Year Three 2023/2024**	**Year Four to Year 10 2024/25 to 2030/31**
Local Government Funding Agency (LGFA)	Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	Not Achieved	Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	Not available
	No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.	Achieved	Zero breaches	Zero breaches	Zero breaches	Not available
	Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	Achieved	Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	Not available
	Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency	Achieved	Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency	Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency	Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency	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 2021-2031 long-term plan (whole of council)

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
28,471	General rates, uniform annual general charges, rates penalties	31,110	32,989	34,981	36,741	38,588	40,528	42,565	44,703	46,949	49,307
28,727	Targeted rates	32,287	33,112	33,966	37,767	38,613	39,394	40,313	40,097	41,205	43,255
19,488	Subsidies and grants for operating purposes	23,632	20,731	21,785	19,667	20,015	20,538	18,635	18,997	19,566	19,957
11,114	Fees and charges	12,490	12,777	13,096	13,304	13,497	13,645	13,829	14,111	14,384	14,461
38,980	Interest and dividends from investments	46,632	45,899	47,804	49,411	50,996	52,930	55,043	57,161	59,123	60,861
2,929	Local authorities fuel tax, fines, infringement fees, and other receipts	2,886	2,947	3,003	3,068	3,133	3,195	3,262	3,332	3,406	3,407
129,709	**Total operating funding (A)**	**149,036**	**148,455**	**154,636**	**159,958**	**164,841**	**170,230**	**173,647**	**178,401**	**184,633**	**191,247**
	Applications of operating funding										
129,882	Payments to staff and suppliers	146,863	143,480	138,516	138,921	140,352	143,843	141,451	142,193	146,174	148,488
3,258	Finance costs	3,052	3,665	4,344	4,418	3,838	3,683	3,572	3,630	3,662	3,842
175	Other operating funding applications	56	57	59	60	61	62	64	65	66	66
133,315	**Total applications of operating funding (B)**	**149,972**	**147,203**	**142,918**	**143,399**	**144,251**	**147,588**	**145,087**	**145,888**	**149,902**	**152,396**
(3,606)	**Surplus (deficit) of operating funding (A - B)**	**(936)**	**1,252**	**11,718**	**16,559**	**20,590**	**22,642**	**28,560**	**32,513**	**34,730**	**38,851**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
3,404	Subsidies and grants for capital expenditure	6,095	2,624	1,701	1,100	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
48,101	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
3,740	Other dedicated capital funding	1,848	361	0	0	0	0	0	0	0	0
55,245	**Total sources of capital funding (C)**	**7,944**	**2,985**	**1,701**	**1,100**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
34,408	- to improve the level of service	25,572	13,440	9,999	6,676	2,584	2,140	3,613	4,245	2,167	3,246
17,097	- to replace existing assets	9,403	8,403	3,522	2,818	3,765	3,383	4,446	3,072	4,938	2,561
(451)	Increase (decrease) in reserves	(28,517)	(18,157)	(652)	7,615	13,692	16,570	19,950	24,646	27,076	32,494
585	Increase (decrease) of investments	550	550	550	550	550	550	550	550	550	550
51,639	**Total applications of capital funding (D)**	**7,008**	**4,237**	**13,420**	**17,660**	**20,590**	**22,642**	**28,560**	**32,513**	**34,730**	**38,851**
3,606	**Surplus (deficit) of capital funding (C - D)**	**936**	**(1,252)**	**(11,718)**	**(16,560)**	**(20,590)**	**(22,642)**	**(28,560)**	**(32,513)**	**(34,730)**	**(38,851)**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note: This financial statement excludes:										
9,130	Depreciation and amortisation	8,781	9,383	9,198	8,999	8,663	8,250	7,842	7,083	6,990	6,767

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Catchment Management

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
7,261	General rates, uniform annual general charges, rates penalties	8,797	9,325	9,884	10,378	10,897	11,442	12,014	12,615	13,246	13,908
2,930	Targeted rates	3,311	3,434	3,502	3,550	3,608	3,667	3,717	3,774	3,829	3,886
5,752	Subsidies and grants for operating purposes	8,802	5,486	4,681	1,938	1,939	2,295	92	93	95	94
30	Fees and charges	30	31	31	32	32	33	33	34	34	34
560	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
11,055	Local authorities fuel tax, fines, infringement fees, and other receipts	12,719	13,174	13,232	13,641	13,651	14,425	14,343	15,032	15,318	18,141
27,588	**Total operating funding (A)**	**33,659**	**31,450**	**31,330**	**29,539**	**30,127**	**31,862**	**30,198**	**31,548**	**32,522**	**36,064**
	Applications of operating funding										
26,006	Payments to staff and suppliers	28,268	24,690	24,184	21,864	21,556	22,569	18,279	18,538	18,619	18,948
922	Finance costs	753	773	789	796	778	767	710	655	603	552
5,725	Internal charges and overheads applied	4,321	4,359	4,458	4,450	4,539	4,673	4,632	4,694	4,733	4,821
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
32,652	**Total applications of operating funding (B)**	**33,343**	**29,823**	**29,430**	**27,110**	**26,873**	**28,009**	**23,621**	**23,886**	**23,955**	**24,320**
(5,064)	**Surplus (deficit) of operating funding (A - B)**	**316**	**1,627**	**1,900**	**2,429**	**3,254**	**3,854**	**6,577**	**7,662**	**8,567**	**11,743**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
3,404	Subsidies and grants for capital expenditure	98	1,050	1,050	1,100	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
3,404	**Total sources of capital funding (C)**	**98**	**1,050**	**1,050**	**1,100**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
9,455	- to improve the level of service	2,493	2,483	2,323	2,023	24	24	25	25	26	26
0	- to replace existing assets	260	0	0	0	50	0	0	0	0	0
(11,116)	Increase (decrease) in reserves	(2,339)	193	626	1,505	3,181	3,829	6,553	7,637	8,541	11,718
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
(1,660)	**Total applications of capital funding (D)**	**414**	**2,677**	**2,950**	**3,529**	**3,254**	**3,854**	**6,577**	**7,662**	**8,567**	**11,743**
5,064	**Surplus (deficit) of capital funding (C - D)**	**(316)**	**(1,627)**	**(1,900)**	**(2,429)**	**(3,254)**	**(3,854)**	**(6,577)**	**(7,662)**	**(8,567)**	**(11,743)**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
1,182	Depreciation and amortisation	1,081	1,161	1,118	1,054	1,052	1,052	1,023	908	908	799
	Note 2: This financial statement includes:										
922	Internal interest	753	773	789	796	778	767	710	655	603	552

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Flood Protection and Control

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
2,068	General rates, uniform annual general charges, rates penalties	1,762	1,867	1,979	2,078	2,182	2,291	2,406	2,526	2,652	2,785
10,649	Targeted rates	11,107	11,570	11,914	12,294	12,766	13,240	13,754	14,580	14,868	15,247
1,400	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
12	Fees and charges	12	12	13	13	13	14	14	14	14	14
1,457	Internal charges and overheads recovered	1,680	1,761	1,795	1,828	1,864	1,901	1,938	1,977	1,811	1,845
3,296	Local authorities fuel tax, fines, infringement fees, and other receipts	5,542	4,692	4,759	4,673	5,049	5,155	5,529	5,586	6,051	7,016
18,882	**Total operating funding (A)**	**20,103**	**19,903**	**20,459**	**20,886**	**21,875**	**22,601**	**23,641**	**24,683**	**25,397**	**26,908**
	Applications of operating funding										
9,449	Payments to staff and suppliers	10,337	9,829	10,288	10,137	9,312	10,555	10,853	10,187	11,525	11,479
2,135	Finance costs	1,918	1,870	1,842	1,796	1,718	1,610	1,513	1,436	1,359	1,251
3,509	Internal charges and overheads applied	6,047	6,457	6,592	6,651	6,792	6,936	6,982	7,079	6,938	7,036
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
15,093	**Total applications of operating funding (B)**	**18,302**	**18,157**	**18,722**	**18,585**	**17,822**	**19,102**	**19,348**	**18,702**	**19,822**	**19,767**
3,789	**Surplus (deficit) of operating funding (A - B)**	**1,801**	**1,745**	**1,737**	**2,302**	**4,053**	**3,499**	**4,293**	**5,981**	**5,574**	**7,142**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	5,997	1,574	652	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
3,740	Other dedicated capital funding	1,848	361	0	0	0	0	0	0	0	0
3,740	**Total sources of capital funding (C)**	**7,846**	**1,935**	**652**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
16,301	- to improve the level of service	10,886	3,175	3,670	2,861	705	317	1,727	2,302	244	1,308
13,714	- to replace existing assets	4,101	2,903	1,605	219	369	343	659	696	2,577	239
(22,485)	Increase (decrease) in reserves	(5,341)	(2,397)	(2,886)	(778)	2,978	2,840	1,907	2,983	2,754	5,594
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
7,530	**Total applications of capital funding (D)**	**9,646**	**3,681**	**2,389**	**2,302**	**4,052**	**3,499**	**4,294**	**5,981**	**5,575**	**7,142**
(3,790)	**Surplus (deficit) of capital funding (C - D)**	**(1,801)**	**(1,745)**	**(1,737)**	**(2,302)**	**(4,053)**	**(3,499)**	**(4,293)**	**(5,981)**	**(5,574)**	**(7,142)**
-0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
1,874	Depreciation and amortisation	1,447	1,441	1,440	1,431	1,431	1,431	1,427	1,427	1,427	1,423
	Note 2: This financial statement includes:										
2,135	Internal interest	1,918	1,870	1,842	1,796	1,718	1,610	1,513	1,436	1,359	1,251

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Resource Regulation and Monitoring

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
3,749	General rates, uniform annual general charges, rates penalties	4,444	4,710	4,993	5,242	5,505	5,780	6,069	6,372	6,691	7,025
808	Targeted rates	1,072	1,015	1,020	952	921	895	874	848	853	856
60	Subsidies and grants for operating purposes	60	60	60	60	60	60	60	60	60	60
5,260	Fees and charges	5,827	5,831	5,953	6,059	6,189	6,272	6,342	6,488	6,622	6,640
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
5,397	Local authorities fuel tax, fines, infringement fees, and other receipts	5,442	5,560	5,776	5,881	6,152	6,469	6,813	7,159	7,352	8,801
15,273	**Total operating funding (A)**	**16,845**	**17,176**	**17,802**	**18,195**	**18,827**	**19,477**	**20,158**	**20,928**	**21,578**	**23,381**
	Applications of operating funding										
9,783	Payments to staff and suppliers	10,837	10,432	10,631	10,839	11,054	11,273	11,496	11,727	11,962	12,124
82	Finance costs	72	67	62	56	54	52	51	51	52	52
5,171	Internal charges and overheads applied	4,668	4,897	5,011	5,000	5,111	5,241	5,214	5,276	5,296	5,365
175	Other operating funding applications	56	57	59	60	61	62	64	65	66	66
15,211	**Total applications of operating funding (B)**	**15,634**	**15,453**	**15,762**	**15,954**	**16,280**	**16,628**	**16,825**	**17,119**	**17,377**	**17,607**
62	**Surplus (deficit) of operating funding (A - B)**	**1,211**	**1,723**	**2,040**	**2,241**	**2,547**	**2,848**	**3,333**	**3,809**	**4,202**	**5,774**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
111	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
111	**Total sources of capital funding (C)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
0	- to improve the level of service	0	0	0	0	0	0	0	0	0	0
111	- to replace existing assets	113	278	118	121	296	126	128	314	134	133
(523)	Increase (decrease) in reserves	548	894	1,372	1,570	1,701	2,173	2,655	2,944	3,518	5,091
585	Increase (decrease) of investments	550	550	550	550	550	550	550	550	550	550
173	**Total applications of capital funding (D)**	**1,211**	**1,722**	**2,040**	**2,241**	**2,547**	**2,849**	**3,333**	**3,808**	**4,202**	**5,774**
(62)	**Surplus (deficit) of capital funding (C - D)**	**(1,211)**	**(1,723)**	**(2,040)**	**(2,241)**	**(2,547)**	**(2,848)**	**(3,333)**	**(3,809)**	**(4,202)**	**(5,774)**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
81	Depreciation and amortisation	87	92	87	89	86	94	97	102	109	115
	Note 2: This financial statement includes:										
82	Internal interest	72	67	62	56	54	52	51	51	52	52

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Transport and Urban Planning

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
2,761	General rates, uniform annual general charges, rates penalties	2,378	2,521	2,672	2,806	2,946	3,094	3,248	3,411	3,581	3,760
11,589	Targeted rates	13,186	13,356	13,714	17,107	17,375	17,564	17,893	16,747	17,441	18,995
12,276	Subsidies and grants for operating purposes	14,770	15,185	17,044	17,670	18,016	18,183	18,483	18,844	19,411	19,803
3,619	Fees and charges	3,699	3,782	3,865	3,955	4,049	4,145	4,245	4,348	4,458	4,458
764	Internal charges and overheads recovered	322	329	336	344	352	359	367	375	384	392
2,785	Local authorities fuel tax, fines, infringement fees, and other receipts	4,083	4,111	4,251	4,453	4,561	4,748	5,056	5,290	5,439	6,196
33,795	**Total operating funding (A)**	**38,438**	**39,284**	**41,883**	**46,335**	**47,298**	**48,093**	**49,293**	**49,015**	**50,714**	**53,604**
	Applications of operating funding										
32,667	Payments to staff and suppliers	36,852	37,515	41,266	42,763	43,458	43,880	44,751	45,593	46,902	47,791
28	Finance costs	35	43	50	48	46	43	41	38	36	33
2,316	Internal charges and overheads applied	2,128	2,193	2,253	2,257	2,307	2,376	2,374	2,412	2,441	2,483
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
35,011	**Total applications of operating funding (B)**	**39,015**	**39,751**	**43,570**	**45,068**	**45,812**	**46,300**	**47,166**	**48,043**	**49,378**	**50,306**
(1,216)	**Surplus (deficit) of operating funding (A - B)**	**(577)**	**(467)**	**(1,687)**	**1,266**	**1,486**	**1,793**	**2,127**	**972**	**1,336**	**3,298**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0	**Total sources of capital funding (C)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
869	- to improve the level of service	0	947	0	24	0	0	0	0	0	0
0	- to replace existing assets	0	0	0	0	0	0	0	0	0	0
(2,085)	Increase (decrease) in reserves	(577)	(1,414)	(1,687)	1,243	1,486	1,793	2,127	972	1,336	3,298
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
(1,216)	**Total applications of capital funding (D)**	**(577)**	**(467)**	**(1,687)**	**1,267**	**1,486**	**1,793**	**2,127**	**972**	**1,336**	**3,298**
1,216	**Surplus (deficit) of capital funding (C - D)**	**577**	**467**	**1,687**	**(1,267)**	**(1,486)**	**(1,793)**	**(2,127)**	**(972)**	**(1,336)**	**(3,298)**
-0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
390	Depreciation and amortisation	430	522	613	615	409	196	99	5	2	0
	Note 2: This financial statement includes:										
28	Internal interest	35	43	50	48	46	43	41	38	36	33

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Democracy, Engagement and Planning

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
7,446	General rates, uniform annual general charges, rates penalties	10,243	10,857	11,509	12,084	12,688	13,323	13,989	14,688	15,423	16,194
0	Targeted rates	400	400	400	400	400	400	400	400	400	400
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
0	Fees and charges	0	0	0	0	0	0	0	0	0	0
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
12,914	Local authorities fuel tax, fines, infringement fees, and other receipts	12,389	13,318	13,881	14,602	15,549	15,774	16,522	16,687	17,191	20,443
20,360	**Total operating funding (A)**	**23,032**	**24,575**	**25,790**	**27,086**	**28,638**	**29,497**	**30,911**	**31,776**	**33,014**	**37,037**
	Applications of operating funding										
18,988	Payments to staff and suppliers	25,284	25,167	15,475	16,345	17,002	16,474	16,646	15,877	16,171	16,346
0	Finance costs	0	0	0	0	0	0	0	0	0	0
6,959	Internal charges and overheads applied	8,171	8,390	8,581	8,572	8,752	8,949	8,917	8,996	9,074	9,202
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
25,946	**Total applications of operating funding (B)**	**33,455**	**33,556**	**24,056**	**24,917**	**25,754**	**25,423**	**25,563**	**24,873**	**25,246**	**25,549**
(5,586)	**Surplus (deficit) of operating funding (A - B)**	**(10,424)**	**(8,981)**	**1,734**	**2,169**	**2,884**	**4,074**	**5,348**	**6,903**	**7,768**	**11,488**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0	**Total sources of capital funding (C)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
0	- to improve the level of service	0	0	0	0	0	0	0	0	0	0
0	- to replace existing assets	0	0	0	0	0	0	0	0	0	0
(5,587)	Increase (decrease) in reserves	(10,424)	(8,981)	1,734	2,169	2,884	4,074	5,348	6,903	7,768	11,488
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
(5,587)	**Total applications of capital funding (D)**	**(10,424)**	**(8,981)**	**1,734**	**2,169**	**2,884**	**4,074**	**5,348**	**6,903**	**7,768**	**11,488**
5,587	**Surplus (deficit) of capital funding (C - D)**	**10,424**	**8,981**	**(1,734)**	**(2,169)**	**(2,884)**	**(4,074)**	**(5,348)**	**(6,903)**	**(7,768)**	**(11,488)**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Emergency Management

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
0	General rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0
2,962	Targeted rates	3,421	3,548	3,627	3,675	3,754	3,839	3,886	3,959	4,025	4,082
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
0	Fees and charges	0	0	0	0	0	0	0	0	0	0
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
40	Local authorities fuel tax, fines, infringement fees, and other receipts	41	42	42	43	44	45	46	47	48	48
3,001	**Total operating funding (A)**	**3,462**	**3,589**	**3,670**	**3,719**	**3,798**	**3,884**	**3,932**	**4,006**	**4,073**	**4,130**
	Applications of operating funding										
2,814	Payments to staff and suppliers	2,462	2,514	2,562	2,611	2,663	2,715	2,769	2,825	2,881	2,924
0	Finance costs	0	1	1	2	2	3	3	4	4	4
1,033	Internal charges and overheads applied	999	1,073	1,104	1,101	1,128	1,159	1,152	1,169	1,177	1,189
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
3,847	**Total applications of operating funding (B)**	**3,461**	**3,588**	**3,667**	**3,714**	**3,793**	**3,877**	**3,924**	**3,997**	**4,062**	**4,118**
(846)	**Surplus (deficit) of operating funding (A - B)**	**1**	**2**	**3**	**4**	**5**	**7**	**8**	**9**	**11**	**12**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0	**Total sources of capital funding (C)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
11	- to improve the level of service	22	27	27	28	28	29	29	30	31	30
0	- to replace existing assets	0	0	0	0	0	0	0	0	0	0
(856)	Increase (decrease) in reserves	(21)	(25)	(24)	(24)	(23)	(22)	(21)	(21)	(20)	(18)
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
(846)	**Total applications of capital funding (D)**	**1**	**2**	**3**	**4**	**5**	**7**	**8**	**9**	**11**	**12**
846	**Surplus (deficit) of capital funding (C - D)**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(7)**	**(8)**	**(9)**	**(11)**	**(12)**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
	Note 2: This financial statement includes:										
0	Internal interest	0	1	1	2	2	3	3	4	4	4

Bay of Plenty Regional Council: Funding impact statement for 2021-2031 long-term plan for Support Services

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of operating funding										
5,186	General rates, uniform annual general charges, rates penalties	3,487	3,709	3,944	4,151	4,369	4,598	4,839	5,091	5,356	5,634
(211)	Targeted rates	(211)	(211)	(211)	(211)	(211)	(211)	(211)	(211)	(211)	(211)
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
2,194	Fees and charges	2,922	3,121	3,234	3,245	3,214	3,181	3,195	3,227	3,255	3,314
32,717	Internal charges and overheads recovered	35,093	36,511	37,318	37,257	38,035	38,975	38,799	39,192	39,432	39,793
10,735	Local authorities fuel tax, fines, infringement fees, and other receipts	13,183	12,038	13,046	13,335	13,168	13,427	13,750	14,294	14,570	6,865
50,621	**Total operating funding (A)**	**54,474**	**55,167**	**57,330**	**57,777**	**58,575**	**59,970**	**60,372**	**61,593**	**62,402**	**55,395**
	Applications of operating funding										
30,177	Payments to staff and suppliers	32,823	33,334	34,110	34,362	35,307	36,375	36,657	37,446	38,114	38,875
4,403	Finance costs	4,154	4,997	5,778	5,867	5,285	5,123	5,006	5,047	5,045	5,190
10,786	Internal charges and overheads applied	10,761	11,233	11,451	11,399	11,623	11,905	11,836	11,921	11,970	11,936
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
45,366	**Total applications of operating funding (B)**	**47,738**	**49,564**	**51,339**	**51,628**	**52,214**	**53,403**	**53,498**	**54,415**	**55,129**	**56,001**
5,255	**Surplus (deficit) of operating funding (A - B)**	**6,736**	**5,603**	**5,991**	**6,149**	**6,361**	**6,567**	**6,873**	**7,178**	**7,273**	**(606)**

Annual Plan 2020/21 $000		2021/22 $000	2022/23 $000	2023/24 $000	2024/25 $000	2025/26 $000	2026/27 $000	2027/28 $000	2028/29 $000	2029/30 $000	2030/31 $000
	Sources of capital funding										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
0	**Total sources of capital funding (C)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Applications of capital funding										
	Capital expenditure										
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
7,772	- to improve the level of service	12,171	6,808	3,979	1,741	1,827	1,770	1,832	1,888	1,866	1,882
3,272	- to replace existing assets	4,928	5,222	1,799	2,479	3,050	2,914	3,659	2,062	2,228	2,189
(5,790)	Increase (decrease) in reserves	(10,363)	(6,427)	213	1,929	1,485	1,882	1,383	3,229	3,179	(4,676)
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
5,254	**Total applications of capital funding (D)**	**6,736**	**5,603**	**5,991**	**6,149**	**6,361**	**6,567**	**6,873**	**7,178**	**7,273**	**(606)**
(5,254)	**Surplus (deficit) of capital funding (C - D)**	**(6,736)**	**(5,603)**	**(5,991)**	**(6,149)**	**(6,361)**	**(6,567)**	**(6,873)**	**(7,178)**	**(7,273)**	**606**
0	**Funding balance ((A - B) + (C - D))**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Note 1: This financial statement excludes:										
5,603	Depreciation and amortisation	5,735	6,167	5,941	5,810	5,685	5,478	5,195	4,640	4,544	4,430
	Note 2: This financial statement includes:										
(3,167)	Internal interest	(2,779)	(2,754)	(2,744)	(2,698)	(2,598)	(2,476)	(2,317)	(2,184)	(2,055)	(1,892)

Revenue and Financing Policy
Kaupapahere Whai Moni me te Pūtea

Purpose

To present Bay of Plenty Regional Council's (Council) policies for financing its planned groups of activities, including proposed funding sources.

Under sections 102 and 103 of the Local Government Act 2002 (the Act), Council must adopt a Revenue and Financing Policy.

Introduction

Section 101(1) of the Local Government Act requires us to manage our revenue, expenses, assets, liabilities, investments and general financial dealings prudently, and in a manner that promotes the current and future interests of the community.

This Policy describes how Council will use revenue and financing sources to fund its activities. Tables than set out a summary of our funding sources for operating and capital expenditure by activity. Our comprehensive section 101(3) analysis is separately documented in the Funding Needs Analysis.

We have assessed the sources of revenue and finance for each activity using the following criteria as set out by the Act:

- Community outcomes the activity primarily contributes to
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals
- The period in or over which benefits are expected to occur
- The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the Activity distinctly from other Activities
- The overall impact of any allocation of liability for revenue needs in the community

Section 103(2) of the Act allows us to fund our activities from:

- General rates
    - i. including choice of valuation system
    - ii. differential rating
    - iii. Uniform Annual General Charges (UAGC)
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investment
- Borrowings
- Proceeds from asset sales
- Development contributions
- Financial contributions under the Resource Management Act 1991
- Grants and Subsidies
- Any other source

General funds as referred to throughout this document is a combination of investment income (interest and dividends) and general rates (including UAGC) and general reserves.

The following sections outline the main funding sources that are available for operating and capital expenditure. Consideration of our Financial Principles has led to an indicative order of preference for the funding sources.

Funding sources for operating expenditure

Operating expenditure is the day to day spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing (both internal and external) for capital projects and corporate services overheads.

Some activities may be best funded from user fees and charges such as bus fares, others with targeted rates such as the drainage scheme maintenance and others from the general rate such as regional planning.

After consideration of the legislative analysis and Financial Principles, the following are the preferred order of funding sources for operating expenditure:

<u>First priority for operating funding</u>

- Grants, subsidies, sponsorship and other sources of revenue
- Fees and charges where benefit can be assigned to individuals
- Financial contributions (not currently used)

<u>Second Priority for operating funding</u>

- Targeted rates where benefit can be assigned geographically or to itemise specific rates requirements

<u>Third Priority for Funding</u>

- Investment income (interest and dividends)
- General rates including UAGC

<u>Last Priority for Funding</u>

- Reserves
- Borrowing

This order of preference has been used as part of the proposed funding model for each activity.

Grants and subsidies

Council receives grants and subsidies from other organisations, including Central Government agencies and local authorities, to help fund some of its activities. Grants and contributions are used to fund specific activities and projects for national or local benefit. The main Government subsidies Council receives are from the New Zealand Transport Agency for passenger transport services and the Ministry for the Environment for the Rotorua Lakes activity.

Other sources

Other operating revenue includes:

- Charges to land owners for contributing to land management activities on their property
- Rent from Council owned properties leased to third parties
- Contributions from the New Zealand Transport Agency, local authorities and gravel-extraction revenue for flood protection activities
- Management fees for administrative support to Council controlled organisations

Fees and charges

Fees and charges are charged directly to users of a service or facility for the private benefit they receive.

The concept of user-pays is consistent with the 'benefit/contributor principle', where the users pay for private benefit from the service. It is also consistent with the principle that those causing the need to undertake the activity (exacerbators) pay for work required as a consequence.

User charges are applied where it is not practical for Council to establish a targeted rate on individual consumers to recover the cost of the service. Where user charges are impractical or ineffective, we may set a range of fees and charges to partly fund the private good component of an activity that delivers tangible private benefits.

Under Section 36 of the Resource Management Act 1991, Council can set administrative fees and charges for a range of matters.

These matters are set out in our Section 36 Resource Management Act and Building Act Charges Policy. Under section 150 of the Local Government Act 2002 the Council can set fees or charges for matters provided for in bylaws. Fees must be prescribed either in the bylaw, or following consultation in a manner that gives effect to the requirements of section 82 of the Local Government Act 2002.

Council's Regional Navigation Safety Bylaw (clause 5.6) contains provision for charges to be made for mooring licenses, commercial operating licenses and Port charges.

Council also collects the revenue directly from ticketing for bus travel under it's bus contract. This system allows Council the flexibility to charge user fees or to offer more benefits to users of public transport.

In addition, local authorities are empowered to set fees for any service (not covered by other legislation) as one of the consequences of the general power of competence provided in section 12 of the LGA.

Financial contributions

Section 108(2)(a) of the Resource Management Act 1991 authorises Council to include, as a resource consent condition, a financial contribution for purposes as stated in a regional plan.

For more details see Council's Policy on Development Contributions and Financial Contributions.

Targeted rates

Targeted rates are used to fund discrete activities.

Council has set one or more targeted rates to fund a single activity, or a single targeted rate to fund multiple sub-activities within an Activity. Targeted rates may be set on a uniform basis for all rateable land on which the rate is set, or differentially for different categories of rateable land identified in the funding impact statement.

Investment income (interest and dividends)

Council has a range of investments which return interest and dividends. Our major cash investments include day-to-day surplus funds, funds from the sale of Port of Tauranga Limited (POTL) shares in 1991 to Quayside Holdings Limited (Quayside) and the issue of the Perpetual Preference Shares in Quayside during 2007/08. Term investments include a 100 percent shareholding in Quayside (a Council-Controlled Organisation) and a range of day-to-day reserve investments (see the section on Council Controlled Organisations for more detail).

These investments are corporate income sources that do not directly relate to a specific activity, and form a component of 'general funds'. General funds are made up of investment income and regional general rates. To ensure investment income benefits are shared by all ratepayers, we will continue to use our investment income to reduce general rates. Without the investment income off-set, revenue required from general rates would have to increase significantly to fund current levels of service.

Council has decided that the use of special dividend proceeds from the POTL (through Quayside) will be considered year by year. If used to offset operating expenditure it will be distributed through general funds.

General rates

General rates are sets at a uniform rate in the dollar of rateable value for all rateable land within the Bay of Plenty. Council has adopted the land value system for calculating its general rate. Because rating re-valuations occur across the region in different years, this rate is set on an equalised land-value basis.

The benefits of most of our activities are evenly distributed across the region. Council has adopted a land value system for the general rate as our activities, which are part-funded by the general rate, deliver benefits more closely aligned with land values than capital values. For example, the integrated and sustainable management of natural and physical resources is more likely to have a long-term impact on land resources and land values than on the capital improvements associated with that land.

Uniform Annual General Charge

Council sets a UAGC as a fixed amount per rating unit.

The impact of a UAGC is to set a component of rates as a fixed charge per rating unit, and to separate this charge from the valuation base used to calculate the general rate.

The Local Government (Rating) Act 2002 limits rates set on a uniform basis, including the UAGC, to 30%.

Because we believe that more than 30% of our total rate revenue could be levied through a fixed value targeted rate and UAGC, due to the nature of our activities having an even distribution of public good benefits, we have set our UAGC at the maximum permissible under the Act. Council has considered the affordability of rates when making this decision.

Reserves

Council has a number of cash funded reserve funds and some of these reserves funds are available to meet operating costs. Surplus funds from previous years (in the form of reserves) may be used to fund expenditure. Council generally uses these funds for the purpose that the reserve was created. Establishing and using these reserves is agreed through the Long Term Plan and Annual Plan processes.

Borrowing

Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines prudent to do so, fund some operating costs from borrowing.

Lump sum and development contributions

Council does not use lump sum or development contributions as a source of revenue.

Funding alternatives

Council will consider funding alternatives as they become available during the Long Term Plan period. These alternatives may be considered significant at the time, and if so we will engage with the community as required following an assessment of the issue against Council's Significance and Engagement policy.

Funding sources for capital expenditure

Capital expenditure is costs associated with the purchase, improvement and replacement of assets. After consideration of the legislative analysis and Financial Principles, the following are the preferred order of funding sources for capital expenditure.

- Proceeds from the sale of redundant assets
- Grants, subsidies, sponsorship and other sources of revenue that directly apply to the given asset
- Reserves and/or borrowing depending which is the most efficient source of funding

Capital expenditure on new assets is generally not directly funded by rates as this places the entire cost on current ratepayers. Instead, the use of reserves and/or borrowing, allows for the cost to be spread over time through interest and depreciation so that all beneficiaries of the asset contribute towards the cost.

Any net operating surpluses are accumulated into various reserve funds. A specific asset replacement reserve is accumulated through funding depreciation and available for renewal of existing assets.

Proceeds from the sale of assets

Proceeds from asset sales are generally used to repay debt or off-set the borrowing requirements for the asset and its activity if it doesn't meet the Council's determination.

Grants and subsidies

Council receives grants and subsidies from other organisations, including Central Government agencies and city and district councils, to help fund some of its capital expenditure. Grants and subsidies are used whenever they are available.

Reserves and/or borrowing

Council maintains some reserve funds for capital expenditure. Capital expenditure is funded from the most efficient source, which may include borrowing.

Assessing the impact of funding needs

Council has applied the above preferences for the use of funding sources to each activity in its Funding Needs Analysis. Following section 101(3)(a) assessment Council has considered its funding mix against the overall impact of any allocation of liability for revenue needs on the community as required by section 101(3)(b).

The Long Term Plan Financial Principle which guides Council in assessing the funding mix is Principle 2:

- Council achieves the right mix to fund its activities, and keeps rates, fees and charges, affordable, fair and equitable.

Examples of how the Council has balanced its approach to funding its activities include:

- Aligning the Policy on Remission and Postponement of Rates with the local authorities. This ensures the Council's ratepayers have access to the same affordability tools, such as considering financial hardship, options for reverse equity of properties, consistent application of criteria for rates on Māori freehold land and remissions of rates for social/cultural purposes such as recreational facilities, as they do for their local authority rates
- Developing the forestry and bush remission to encourage better land use practices to lessen the amount of nutrients entering the Rotorua Lakes
- Seeking alternative funding sources outside the region where wider interests exist (for example, Central Government funding for contaminated site remediation)
- Using general funds and reserves to spread the costs of services throughout the region to reduce the burden on small communities of interest, and when Council services proved wider and indirect benefits across different elements of well-being
- Considering inter-generational equity when funding depreciation and capital projects so current and future ratepayers pay their fair share

Summary of funding sources

Tables 1 and 2 show the indicative percentages each funding source is used to fund costs following our section 101(3)(a) and 101(3)(b) assessment.

Table 1: Summary of operating expenditure funding sources by sub-activity

LTP 2021-2031 Version 2 - Summary of Operating Expenditure Funding Sources (10 year average)							
Group of activities	Activity / Sub Activity / Cost Centre	General funds	Targeted rates	User fees and charges and other revenue	Grants and subsidies	Reserves	Total
Catchment Management	Activity: Coastal Catchments	80-100%		0-20 %	0-20 %		100%
	Rotorua Lakes - Non Deed	40-60%	40-60%				100%
	Rotorua Lakes - Deed	20-40%	20-40%		40-60%	40-60%	100%
	Activity: Regional Parks	80-100%		0-20 %			100%
	Activity: Biosecurity	80-100%		0-20 %	0-20 %		100%
Flood Protection and Control	Activity: Rivers and Drainage Schemes						
	Sub Activity: 210 Kaituna Catchment Control	0-20 %	60-80%	0-20 %		0-20 %	100%
	Sub Activity: 211 Rangitaiki-Tarawera Rivers Scheme	0-20 %	60-80%	0-20 %		0-20 %	100%
	Sub Activity: 212 Whakatane-Tauranga Rivers Scheme	0-20 %	60-80%	0-20 %		0-20 %	100%
	Sub Activity: 213 Waioeka-Otara Rivers Scheme	0-20 %	60-80%	0-20 %		0-20 %	100%
	Sub Activity: 214 Rangitaiki Drainage Schemes		100%				100%
	Sub Activity: 215 Minor Rivers and Drainage Schemes	0-20 %	80-100%				100%
	Sub Activity: 216 Non-scheme Works	100%					100%
	Activity: Regional Flood Risk Coordination	100%					100%
Resource Regulation and Monitoring							
	Air Quality	40-60%	40-60%				100%
	Air Quality - Rotorua Clean Air		100%				100%
	Activity: Resource Consents	40-60%		40-60%			100%
	Activity: Regulatory Compliance	60-80%		20-40%			100%
	Activity: Maritime Operations	60-80%		20-40%	0-20 %		100%

LTP 2021-2031 Version 2 - Summary of Operating Expenditure Funding Sources (10 year average)							
Group of activities	Activity / Sub Activity / Cost Centre	General funds	Targeted rates	User fees and charges and other revenue	Grants and subsidies	Reserves	Total
Transportation and Urban Planning	Activity: Public Transport						
	Sub Activity: 410 Tauranga Passenger Transport		40-60%	0-20 %	40-60%	0-20 %	100%
	Sub Activity: 411 Rotorua Passenger Transport		40-60%	0-20 %	40-60%		100%
	Sub Activity: 413 Western Passenger Transport		40-60%	0-20 %	40-60%		100%
	Sub Activity: 414 Eastern Passenger Transport		40-60%	0-20 %	40-60%		100%
	Sub Activity: 412 Regional Passenger Transport	60-80%		0-20 %	20-40%		100%
	Activity: Transport and Urban Planning	80-100%			0-20 %		100%
Demoncracy Engagement and Planning	Activity: Environmental Strategy	100%					100%
	Activity: Policy and Planning	100%					100%
	Activity: Maori Policy	100%					100%
	Activity: Community Engagement	80-100%	0-20 %				100%
	Activity: Governance Services	100%					100%
	Activity: Regional Development	20-40%				60-80%	100%
Emergency Management	Activity: Emergency Management						
	Sub Activity: 710 Bay of Plenty Civil Defence Emergency Management Group		100%				
	Sub Activity: 711 Emergency Management Bay of Plenty		80-100%	0-20 %			
Support Services	Activity: Technical Support	80-100%		0-20 %			
	Activity: Corporate Support						

Table 2: Summary of capital expenditure funding sources by sub-activity

Summary of capital expenditure funding sources by activity				
Group of activities	Activity	Reserves	External/ internal loans	Capital grants, subsidies, insurance recoveries
Catchment Management	Coastal Catchments	o	o	
	Rotorua Lakes	o	o	
	Rotorua Lakes - Deed	o	o	o
	Regional Parks	o	o	
Flood Protection and Control	Kaituna Catchment Control Scheme	o	o	o
	Rangitāiki - Tarawera rivers scheme	o	o	o
	Whakatāne - Tauranga rivers scheme	o	o	o
	Waioeka - Otara rivers scheme	o	o	o
	Rangitāiki Drainage Schemes	o	o	o
	Non Scheme Works	o	o	o
	Regional Flood Risk Coordination	o	o	o
Resource Regulation and Monitoring	Air Quality - Rotorua Clean Air		o	
	Maritime Operations	o	o	
Transportation and Urban Planning	Tauranga Passenger Services	o	o	o
	Rotorua Passenger Services	o	o	o
	Western Bay Passenger Services	o	o	o
	Eastern Bay Passenger Services	o	o	o
	Regional Passenger Services	o	o	o
Support Services	Technical Support	o	o	
	Corporate Support	o	o	

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 2021-2031 introduction section.

All 2021/22 rates tables are GST exclusive.

General rates

General rates based on land value

The general rate is set in accordance with Sections 13 and 131 of the Local Government (Rating) Act 2002 based on the projected valuation of all rateable land in the districts of the constituent territorial authorities at a uniform rate in the dollar. The rate in the dollar is different according to the location of land within each local authority district or city. The differences are in accordance with a certificate of valuation changes supplied by Quotable Value NZ Limited.

General Rates Land Value	**$13,470,626**
Constituent Authority	**Rates expressed as cents per dollars of rateable land value**
Kawerau	0.025903
Ōpōtiki	0.022072
Rotorua (Part)	0.026481
Taupō (Part)	0.022072
Tauranga	0.023081
Western Bay of Plenty	0.022072
Whakatāne	0.022072
Offshore Islands	0.142621

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 (according to each local authority's interpretation of a separately rated unit, for the purposes of a UAGC).

Uniform Annual General Charge	**$17,847,595**
Fixed amount per rating unit	$134.24

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 within the Tauranga, Western Bay of Plenty and Rotorua constituent districts.

Council sets two targeted rates; the first on where the land is situated and calculated using the area of land within the rating unit, and the second on where the land is situated and calculated using the extent of service provided.

Kaituna Catchment Control Scheme targeted rates			
Category	**Rate per hectare $**	**Site component $**	**Revenue sought $**
A1P	194.45	194.45	385,232
A2P	155.56	175.00	23,385
A3P	116.67	155.56	19,819
A4P	77.78	136.11	21,597
A1	155.56	145.83	96,201
A2	126.39	126.39	45,250
A3	97.22	126.39	45,434
A4	68.06	126.39	27,119
A5	58.33	126.39	78,418
A6	48.61	106.94	18,762
A7	35.00	97.22	17,962
A8	23.33	N/A	2,579
A9	7.78	N/A	675
A10	3.89	N/A	644
A11	1.94	N/A	472
B1	23.33	58.33	20,033
B2	17.50	48.61	6,272
B3	9.72	38.89	18,204
B4	5.83	29.17	32,046
B5	3.89	29.17	53,356

Category	Rate per hectare $	Site component $	Revenue sought $
C1	5.83	29.17	5,830
C2	3.40	29.17	97,455
C3	2.33	29.17	27,002
C4	1.94	N/A	4,046
C6R	1.17	N/A	1,260
C8	0.78	19.44	5,556
C5	2.33	19.44	100,882
C6	1.36	15.56	15,252
C7	0.78	58.33	2,151
C9	0.58	15.56	3,876
R01	38.89	77.78	20,055
R02	N/A	58.33	60,992
R03	29.17	24.31	593,160
TP1	19.44	29.17	86,025
Total			**1,937,002**

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

Rangitāiki-Tarawera Rivers Scheme targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A1	138.25	1,112,660
A2	97.93	153,650
A3	74.89	136,932

Category	Rate per hectare $	Revenue sought $
A4	57.60	65,976
A5	48.96	336,989
A6	17.28	2,857
B1	86.41	183,230
B2	69.13	33,551
B3	51.84	36,790
B4	40.32	345,995
B5	28.80	46,167
B6	10.37	383
B7	8.06	1,449
C1	7.49	59,104
C2	5.18	268,012
C3	1.73	163,884
C4	1.15	72,240
C5	0.86	18,570
U1	4,406.73	176,565
U2	4,147.51	235,122
U3	748.86	18,788
U4	489.64	385,313
U5	345.63	35,201
Total		**3,889,428**

Whakatāne-Tauranga 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 Whakatāne-Tauranga Rivers Scheme catchment within the Whakatāne constituent district. Council sets two targeted rates; the first on where the land is situated and calculated using the area of land within the rating unit, and the second on where the land is situated and calculated using the extent of service provided.

Whakatāne-Tauranga Rivers Scheme targeted rates			
Category	**Rate per hectare $**	**Site component $**	**Revenue sought $**
A1	144.49	144.49	106,776
A2	122.26	122.26	48,560
A3	100.03	105.59	159,582
A4	83.36	94.47	257,339
A5	61.13	N/A	14,761
A6	44.46	77.80	19,320
A7	33.34	66.69	24,873
A8	22.23	61.13	54,090
A9	11.11	N/A	1,436
B1	50.02	N/A	110,764
B2	27.79	50.02	78,884
B3	22.23	33.34	42,857
B4	16.67	27.79	7,479
B5	2.22	N/A	1,005
C1	6.67	55.57	30,063
C2	4.45	22.23	44,117
C3	3.33	22.23	31,494
C4	2.22	5.56	5,225
C5	1.11	5.56	26,975
U1	500.15	150.05	401,549
U2	366.78	116.70	116,242
U3	194.50	77.80	181,551
U4	122.26	66.69	89,520
U5	11.11	N/A	8
Total			**1,854,470**

** N/A = Not Applicable*

Waioeka-Otara 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 Waioeka-Otara Rivers Scheme catchment within the Ōpōtiki constituent district. Council sets two targeted rates; the first on where the land is situated and calculated using the area of land within the rating unit, and the second on where the land is situated and calculated using the extent of service provided.

Waioeka-Otara Rivers Scheme targeted rates

Category	Rate per hectare $	Site component $	Revenue sought $
A1A	373.43	430.88	22,215
A2	201.08	315.98	27,390
A2A	287.25	359.06	12,979
A3	172.35	258.53	130,030
A3A	229.80	315.98	5,891
A4	143.63	201.08	77,495
A4A	186.71	258.53	2,444
A5	129.26	201.08	59,642
A6	100.54	201.08	915
A7	86.18	201.08	10,384
A8	71.81	201.08	93,721
B1	57.45	N/A	15,495
B2	8.62	N/A	147
C1	14.36	172.35	42,597
C2	8.62	172.35	14,701
C3	5.75	143.63	14,136
C4	4.31	57.45	20,516
C5	2.87	57.45	3,188
C6	1.15	57.45	10,301
R	2.87	N/A	272
U1AC	1,723.51	1,263.90	49,790
U1AR	861.75	631.95	72,008
U1C	1,378.80	1,034.10	153,000
U1R	689.40	517.05	437,272
U2AC	1,263.90	919.20	15,954
U2AR	631.95	459.60	54,048
U2C	919.20	804.30	10,408
U2R	459.60	402.15	123,958
U3R	114.90	229.80	95,192
Total			**1,576,089**

** N/A = Not Applicable*

Rangitāiki Drainage 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 in the defined Rangitāiki Drainage Rating Area situated on the Rangitāiki Plains within the Whakatāne constituent district. Council sets one targeted rate on where the land is situated and the extent of service provided, calculated using the area of land within the rating unit.

Rangitāiki Drainage targeted rates

Category	Rate per hectare $	Revenue sought $
A	58.65	453,645
B	52.78	58,676
C	49.26	71,077
D	42.81	261,392
E	35.19	96,041
F	26.39	65,241
G	19.94	74,457
H	14.66	1,634
I	7.04	5,415

Category	Rate per hectare $	Revenue sought $
U1	117.29	25,936
U2	58.65	3,575
Total		**1,117,089**

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 Whakatane district and calculated on the extent of the service provided.

The targeted rates are set for the Transportation Group of Activities - Passenger Transport.

Passenger Transport targeted rate		
Category	**Rate per rating unit $**	**Revenue sought $**
Tauranga City	178.53	10,671,715
Rotorua Urban	80.30	1,782,557
Western Bay District	21.57	499,294
Whakatāne District	15.37	232,335
Total		**13,185,901**

Rotorua Lakes 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 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. Liability for the targeted rates is calculated as a fixed amount per rating unit.

The targeted rates are set for the Integrated Catchment Management Group of Activities - Rotorua Lakes Activity.

Rotorua Lakes Programme targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
0 - 1.9999ha	101.79	2,615,512
2 - 9.9999ha	216.92	153,620
10ha and over	709.77	541,643
Total		**3,310,775**

Rotorua Air Action Plan Implementation targeted rates

A targeted rate is set uniformly in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for all rateable land within the defined boundaries of urban Rotorua with liability calculated as a fixed amount per rating unit.

The targeted rates are set for the Resource Regulation Group of Activities - Rotorua Air Quality Activity.

Rotorua Air Action Plan Implementation targeted rate		
Category	**Rate per rating unit $**	**Revenue sought $**
Rotorua Urban	26.00	577,117

Rotorua Air - Clean Heat Conversion targeted rates

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 with liability calculated as the extent of loans provided by Council under the Clean Heat Conversion scheme.

Rotorua Air Clean Heat Conversion targeted rates		
Category	**Rate per rating unit $**	**Revenue sought $**
CH001	591.30	41,983
CH002	573.91	12,626
CH003	556.52	17,252
CH004	539.13	13,478
CH005	521.74	13,043
CH006	504.35	8,070
CH007	486.96	7,304
CH008	469.57	13,617
CH009	452.17	1,357
CH010	434.78	2,174
CH011	417.39	3,757
CH1	400.00	93,600
CH2	395.65	15,430
CH3	391.30	16,043
CH4	386.96	6,965
CH5	382.61	15,687
CH6	378.26	12,104
CH7	373.91	14,582
CH8	369.57	9,978
CH9	365.22	9,131
CH10	360.87	10,826
CH11	356.52	7,487
CH12	352.17	7,043
CH13	347.83	6,609
CH14	343.48	13,739
CH15	339.13	10,174
CH16	334.78	13,056
CH17	330.43	3,965
CH18	326.09	7,174
CH19	321.74	6,757
CH20	317.39	5,078
CH21	313.04	5,635
CH22	308.70	2,778
CH23	304.35	5,478
CH24	300.00	8,100
CH25	295.65	3,843
CH26	291.30	5,243
CH27	286.96	8,609
CH28	282.61	8,761
CH29	278.26	4,174
CH30	273.91	3,835
CH31	269.57	3,774
CH32	265.22	1,591
CH33	260.87	4,174
CH34	256.52	4,361

Category	Rate per rating unit $	Revenue sought $
CH35	252.17	3,783
CH36	247.83	1,983
CH37	243.48	3,652
CH38	239.13	3,826
CH39	234.78	6,104
CH40	230.43	1,383
CH41	226.09	2,487
CH42	221.74	3,104
CH43	217.39	2,826
CH44	213.04	1,917
CH45	208.70	1,878
CH46	204.35	2,657
CH47	200.00	2,000
CH48	195.65	14,282
Total		**542,327**

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 the extent of service provided by CDEM group and EMBOP.

The targeted rates are set for the Emergency Management Group of Activities.

Civil Defence Emergency Management targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
Kawerau	27.82	80,886
Ōpōtiki	26.80	134,069
Rotorua	26.45	718,668
Tauranga	25.02	1,495,391
Western Bay of Plenty	24.55	568,141
Whakatāne	28.07	424,291
Total		**3,421,446**

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 the extent of service provided by charitable regional safety and rescue services funded by this rate.

The targeted rates are set for the Democracy, Engagement and Planning Group of Activities – Community Engagement Activity.

Regional Safety and Rescue Services targeted rate		
Category - All Properties	**Rate per rating unit $**	**Revenue sought $**
Kawerau	1.42	4,143
Ōpōtiki	2.14	10,689
Rotorua	2.85	63,254
Tauranga	3.56	212,901
Western Bay of Plenty	2.85	65,941
Whakatāne	2.85	43,072
Total		**400,000**

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 the extent of service provided, 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 schemes.

Waiotahi River District targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	134.45	14,602
B	107.56	17,491
C	80.67	15,423
D	44.82	2,279
E	26.89	2,041
F	13.44	2,537
Total		**54,373**

Huntress Creek Drainage District targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	101.21	21,320
B	77.60	6,157
C	50.61	3,673
D	33.74	1,798
E	23.62	773
F	10.12	3,377
Total		**37,098**

Waiotahi Drainage District targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	62.47	5,334
B	52.06	10,819
C	41.65	2,629
D	31.23	1,403
E	20.82	89
F	10.41	2,381
Total		**22,655**

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	499.99	6,300
B	230.00	33,853
C	100.00	19,734
D	50.00	2,415
Total		**62,302**

Omeheu Adjunct Communal Pumped Drainage Scheme targeted rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	106.28	1,093
B	79.71	6,388
C	58.45	3,255
D	31.88	2,785
E	15.94	864
F	5.31	124
URBAN	281.64	12,111
Total		**26,620**

Lawrence Communal Pumped Drainage Scheme rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	769.00	21,685
B	615.20	2,830
C	384.50	2,723
D	192.25	2,780
Total		**30,018**

Murray's Communal Pumped Drainage Scheme rates		
Category	**Rate per hectare $**	**Revenue sought $**
A	123.25	18,804
B	88.74	1,460
C	78.88	3,780
D	34.51	1,868
Total		**25,912**

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 one targeted rate on where the land is situated, and the area of land.

Minor Drainage Schemes targeted uniform rates		
Category	**Rate per hectare $**	**Revenue sought $**
Angle Road	61.70	14,160
Awakeri	23.31	6,655
Baird-Miller	46.30	6,372
Foubister	120.09	12,602
Gordon	240.39	23,646
Greigs Road	97.22	69,379
Halls	132.16	32,001
Riverslea Road	700.08	21,523
Kuhanui	85.34	7,080
Longview-Richlands	122.15	14,160
Martin	55.09	7,363
Massey	17.59	7,505
Mexted-Withy	24.43	6,797
Omeheu East	75.30	31,576
Pedersen - Topp	61.92	7,080
Platts	110.31	40,638
Reynolds	91.31	11,752
Robins Road	269.68	50,408
Travurzas	82.95	16,425
Wylds	141.72	26,620
Poplar Lane	271.92	15,292
Awaiti East	317.96	45,311
Total		**474,345**

Lump Sum Contributions

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

Examples of 2021/22 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		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	83,000	184.98
Middle Quartile	106,000	190.94
Upper Quartile	120,000	194.57

Ōpōtiki		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	78,000	180.40
Middle Quartile	140,000	194.08
Upper Quartile	290,000	227.19

Rotorua (Part)		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	123,000	404.19
Middle Quartile	171,000	416.90
Upper Quartile	265,000	441.79

Tauranga		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	275,000	404.82
Middle Quartile	340,000	419.82
Upper Quartile	465,000	448.67

Western Bay of Plenty		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	295,000	248.32
Middle Quartile	455,000	283.64
Upper Quartile	690,000	335.51

Whakatāne		
Median Land Value	**Land Value $**	**Annual per property $**
Lower Quartile	141,000	211.65
Middle Quartile	225,000	230.19
Upper Quartile	350,000	257.78

Significance and Engagement Policy Summary Kaupapahere Hiranga me te Whakawhitiwhiti

Introduction

Bay of Plenty Regional Council (Council) is required to have this policy under section 76AA of the Local Government Act 2002 (LGA). Amendments to the LGA in 2014 provided more flexibility in how and when Council will consult on a range of decisions. In some cases Council may exercise discretion when deciding what process to follow and this policy advises the public of how that discretion will be exercised.

Note: This section is a summary of the Significance and Engagement Policy, the full policy is available on our website www.boprc.govt.nz.

Purpose and Scope

The purpose of this policy is to:

- Enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
- Provide clarity about how and when communities can expect to be engaged in Council's decision making process
- Provide direction from the beginning of a decision making process about the extent of expected public engagement and the form of engagement required (i.e. what tools will be used to suit the particular community)

This policy is broad in scope as it is relevant to the process followed by all projects and initiatives at every level across the organisation.

Key Definitions under this Policy

Community	A group of people living in the same place or having a particular characteristic in common- includes interested parties, affected people, key stakeholders and iwi/hapu.
Decisions	Refers to all the decisions made by or on behalf of Council, including those made by officers under delegation. Note that management decisions made by officers under delegation during the implementation of Council decisions will not be deemed to be significant.
Engagement	A term used to describe when we purposely approach affected communities to help shape decisions about our proposed plans and actions. This is a process that involves all or some of the community and focusses on generating ideas, decision making or problem solving.
Significance	As defined in section 5 of the LGA: *"in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:* *1. the district or region.* *2. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter.* *3. the capacity of the local authority to perform its role, and the financial and other costs of doing so."*
Strategic Asset	Section 76AA(3) of the LGA requires a significance and engagement policy to list the assets considered by Council to be strategic assets (attached in Schedule 1).

General approach to determining significance of a decision and the level of engagement required

The purpose of Local Government reinforces that Council acts on behalf of its community and works with them to decide what public services and infrastructure will be provided and at what cost. The context for determining significance under this policy is the purpose of Local Government and the role and powers of local authorities as outlined in Part 2 of the LGA.

A consistent procedure must be followed for all matters. As a general principle, the more significant an issue is, the greater the need for community engagement.

Final decisions on the level of significance of a proposal or decision will be made by full Council, Council committees and staff in accordance with standing orders and Council delegations.

Thresholds and criteria

In the context of Part 2 of the LGA, Council will apply the following thresholds and criteria on a case-by-case basis when assessing whether a proposal or decision is significant.

Criteria	Threshold
Financial cost of the decision.	It involves unbudgeted expenditure exceeding 10% of Council's total expenditure for the year.
Likely effect on Council's ability to fulfil its statutory functions or perform its statutory roles.	It potentially adversely affects Council's ability to fulfil its statutory functions or roles under any enactment.
Likely impact of the decision on the community.	There are major potential impacts on the environmental, social, economic or cultural interests of most of the Bay of Plenty community.

If a decision meets ANY of the thresholds above then the decision has a HIGH degree of significance.

If a decision does not exceed the above threshold, Council will tailor its decision making process on a case by case basis to ensure compliance with sections 77 and 78 of the LGA in proportion to the level of significance of the decision. Section 77 and 78 require Council to consider various options, impacts, views and preferences of persons likely to be affected by a decision.

This further consideration of significance will be determined by consideration of the following matters:

- Whether the decision is within existing budgets and implements the current long term plan or annual plan; and
- Whether the financial costs and implications of the decision are known and provided for.

Council will also consider whether the decision follows and/or implements a Council decision that was made as part of a prescribed statutory process that involved a consultation process (e.g. under the Resource Management Act 1991).

Procedure for decisions of high significance

When any issue is determined as being 'significant' (i.e. it has a HIGH degree of significance) certain steps must be taken to meet Council's statutory requirements. In particular, Council will consider reasonably practicable options and community views and preferences in accordance with sections 77 and 78 of the LGA before determining a course of action. Council will also comply with any other requirements under Part 6 of the LGA in relation to significant matters. Where practicable, significant proposals or decisions will be included in the consultation document for each long term plan.

Council's decision making framework will be reviewed from time to time by the Chief Executive to ensure it remains complaint with all legislative requirements. An assessment of the degree of significance of proposals and decisions and the appropriate level of engagement will be considered with discretion and judgement in accordance with this policy on a case-by-case basis.

In exceptional cases Council may wish to make a decision that is inconsistent with this policy. For example, if in the opinion of Council, failure to make a decision urgently would result in unreasonable or significant damage to property, or risk to people's health and safety, or the loss of a substantial opportunity to achieve one or more Council outcomes. This process is provided for in section 80 of the LGA.

Community engagement

A consistent and transparent approach is required to identify, communicate and/or engage with communities. Council must apply the principles of consultation in section 82 of the LGA in its engagement planning, however, 'consultation' as referred to in section 82, is only one of a range of tools for engaging with the community.

Engagement is a wider concept than consultation, differing levels of engagement may be required during the various phases of decision making on an issue, and for different stakeholders.

The following excerpt from the Council's spectrum of engagement shows increasing levels of public engagement in decision making as you progress from left to right. In general, the more significant an issue is, the greater the need for community engagement. Note the full Council Spectrum of Engagement is contained in the full policy on the Council's website.

Engaging with Māori

Council acknowledges the unique status of Māori and will continue to utilise a range of different mechanisms to engage with the wider Māori community and ensure their views are appropriately represented in the decision-making process. Council is committed to providing relevant information in a suitable format and through suitable forums to inform Māori contribution and improve their access to Council's engagement and decision-making processes.

Council is also aware of the amendments made to other primary legislation governing the responsibilities of Council. For example, the recent changes to the Resource Management Act 1991, including providing for iwi to invite councils into Mana Whakahono a Rohe/Iwi Participation Agreements which will include particular obligations to Maori that council must fulfil.

Strategic Assets

The following is a list of assets or group of assets that Council needs to retain, if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future wellbeing of the community. Assets that Council considers to be strategic assets are:

1. Council's shareholding in Quayside
2. Council's majority shareholding in POTL which is held through Quayside
3. Council's Flood Protection and Drainage Schemes

Significant Forecasting Assumptions
Ngā Whakapae Matapae Nui

Introduction

A number of forecasting assumptions have been used in developing this LTP 2021-2031. 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 2021-2031 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 2022.

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 (High only)
Organisational assumptions			
1	**Local government structure in the Bay of Plenty** We assume that 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.	Medium	-
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. A representation review is expected to be carried out in 2021; this may impact the future Governance structure.	Low	-

	Assumption	Degree of uncertainty (H/M/L)	Potential effects on the financial estimates (High only)
3	**Impacts on our work programme** A change in local government structure will not significantly affect our work programme.	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.	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	**Project management** We assume that the projects in the LTP 2021-2031 will be within costs, quality and the timeframes specified. Projects have appropriate contingencies included within their budget.	Medium	-
Environmental assumptions			
7	**Climate Change** Our assumed potential impacts of Climate Change are disclosed through our Infrastructure Strategy 2021-2051. We assume there will be some changes to rainfall and other climactic patterns primarily affecting flood control. Climate change is one of Council's Strategic Priorities.	Medium	-
8	**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 experienced a significant volcanic eruption recently and continued to provide core services.	Medium	-
9	**Land use changes** We assume that the current use of land will not change significantly over the course of this LTP 2021-2031 (with the exception of the Rotorua catchment area).	Low	-
External assumptions			
10	**Central Government policies/priorities** It is assumed that Central Government will not change its relevant policies and priorities without advanced notice to local authorities. We assume that work underway relevant to the management and regulation of natural resources will have a significant effect on our work.	Medium	-

<table>
<tr><th></th><th colspan="4">Assumption</th><th>Degree of uncertainty (H/M/L)</th><th colspan="4">Potential effects on the financial estimates (High only)</th></tr>
<tr><td>11</td><td colspan="4">Current COVID-19 forecasts are for minor health impacts from 2022 onwards, although economic impacts likely to last 2-3 years before full recovey. Economic impacts likely to be focussed on Tourism sector and potentially some import/export markets.</td><td>High</td><td colspan="4">-</td></tr>
<tr><td>12</td><td colspan="4">Surrounding local authorities policies/priorities
We assume that surrounding local authorities' policies and priorities will not significantly change.</td><td>Medium</td><td colspan="4">-</td></tr>
<tr><td>13</td><td colspan="4">Treaty of Waitangi settlements
We assume that Treaty of Waitangi Settlements will continue to be progressed and the Council will respond to any changes.</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td>14</td><td colspan="4">Legislative change
There will be change to legislation affecting our work programme, including how we operate, what we do and who pays for what. In particular, we assume change to the Resource Management Act and associated legislation.</td><td>Medium</td><td colspan="4">-</td></tr>
<tr><td colspan="10">Financial Assumptions</td></tr>
<tr><td>15</td><td colspan="4">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.</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>2024/25</td><td>2025/26</td><td>2026/27</td><td>2027/28</td><td>2028/29</td><td>2029/30</td><td>2030/31</td></tr>
<tr><td>2.4%</td><td>2.4%</td><td>2.2%</td><td>2.4%</td><td>2.5%</td><td>2.3%</td><td>2.5%</td><td>2.6%</td><td>2.7%</td><td>2.6%</td></tr>
<tr><td>16</td><td colspan="4">Grants and subsidies
We get 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 subsidy for passenger transport services at 51% for 2021-24, and assume 50-100% 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.</td><td>High</td><td colspan="4">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.</td></tr>
</table>

<table>
<tr><th></th><th colspan="4">Assumption</th><th>Degree of uncertainty (H/M/L)</th><th colspan="4">Potential effects on the financial estimates (High only)</th></tr>
<tr><td>17</td><td colspan="4">Dividend income
Dividends from Quayside Holdings Limited (Quayside) are used to reduce our general rates requirement. Forecast annual dividends percentage increases for the next 10 years have been provided by Quayside. It is assumed that increases will be at the following levels:</td><td></td><td colspan="4">-</td></tr>
<tr><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>2024/25</td><td>2025/26</td><td>2026/27</td><td>2027/28</td><td>2028/29</td><td>2029/30</td><td>2030/31</td></tr>
<tr><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td><td>3%</td></tr>
<tr><td>18</td><td colspan="4">Investment income
It is assumed that we will gain investment income based on the forecast investment interest rates provided by the Council's fund manager.</td><td>High</td><td colspan="4">Changes in the performance of the Council's investment portfolio will influence the Council's general rates and/or debt requirements. We would also need to consider reducing costs, increasing revenue and/or reducing levels of service.</td></tr>
<tr><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>2024/25</td><td>2025/26</td><td>2026/27</td><td>2027/28</td><td>2028/29</td><td>2029/30</td><td>2030/31</td></tr>
<tr><td>0.5%</td><td>0.5%</td><td>0.5%</td><td>0.8%</td><td>1.0%</td><td>1.5%</td><td>2.0%</td><td>2.5%</td><td>3.0%</td><td>3.0%</td></tr>
<tr><td>19</td><td colspan="4">Rates rebate for clean heat targeted rates
We charge an annual rate of up to $592 per rateable unit for the Clean Heat targeted rate. We assume that we can waive this targeted rate for those ratepayers who qualify under the Central Government's rates rebate scheme. The number of ratepayers applying for a rebate are projected as follows:</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>2024/25</td><td>2025/26</td><td>2026/27</td><td>2027/28</td><td>2028/29</td><td>2029/30</td><td>2030/31</td></tr>
<tr><td>540</td><td>690</td><td>780</td><td>780</td><td>780</td><td>780</td><td>780</td><td>780</td><td>780</td><td>780</td></tr>
<tr><td>20</td><td colspan="4">Lifecycle of assets
The lifecycle of assets is outlined in the Statement of Accounting Policies.</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td>21</td><td colspan="4">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.</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td>22</td><td colspan="4">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.</td><td>Low</td><td colspan="4">-</td></tr>
</table>

	Assumption				Degree of uncertainty (H/M/L)	Potential effects on the financial estimates (High only)			
23	**Regional Fund reserves for infrastructure work** **Regaional Fund Reserves may fund new infrastructure work.**				Medium	-			
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:					-			
2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
Earthmoving									
4.4%	4.3%	4.2%	4.3%	4.4%	4.7%	4.7%	5.0%	5.2%	5.4%
Water									
4.4%	4.3%	4.2%	4.3%	4.4%	4.7%	4.7%	5.0%	5.2%	5.4%
Property									
4.4%	4.3%	4.2%	4.3%	4.4%	4.7%	4.7%	5.0%	5.2%	5.4%
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	-			

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Kawerau District Council	2,908	2,912	2,917	2,922	2,927	2,931	2,936	2,941	2,946	2,951
Ōpōtiki District Council	5,002	5,021	5,040	5,059	5,079	5,098	5,117	5,137	5,156	5,176
Rotorua District Council (Part)	27,170	27,243	27,317	27,391	27,464	27,539	27,613	27,688	27,762	27,837
Taupō District Council (Part)	19	19	19	19	19	19	19	19	19	19
Tauranga City Council	59,776	60,743	61,726	62,935	64,168	65,424	66,706	68,012	69,437	70,891
Western Bay of Plenty District Council	22,877	23,218	23,563	23,913	24,269	24,630	24,996	25,368	25,745	26,128
Whakatāne District Council	15,122	15,178	15,234	15,290	15,347	15,404	15,461	15,518	15,575	15,633
Offshore Islands	80	80	80	80	80	80	80	80	80	80
Total Rating Units	**132,954**	**134,414**	**135,896**	**137,610**	**139,352**	**141,125**	**142,928**	**144,762**	**146,721**	**148,715**

<table>
<tr><th></th><th colspan="4">Assumption</th><th>Degree of uncertainty (H/M/L)</th><th colspan="4">Potential effects on the financial estimates (High only)</th></tr>
<tr><td>26</td><td colspan="4">Estimation of Put Option provision
The Council has a $3 million Put Option provision which relates to the issue of Perpetual Preference Shares (PPS) in January 2008 by its subsidiary Quayside. The $3 million valuation is as at 30 June 2020.</td><td>Medium</td><td colspan="4">-</td></tr>
<tr><td>27</td><td colspan="4">Borrowing and expected 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 calculated by Council using LGFA indicators, and then compared to advice from BanCorp Treasury Services Limited.</td><td>Medium</td><td colspan="4">-</td></tr>
<tr><td>2021/22</td><td>2022/23</td><td>2023/24</td><td>2024/25</td><td>2025/26</td><td>2026/27</td><td>2027/28</td><td>2028/29</td><td>2029/30</td><td>2030/31</td></tr>
<tr><td>0.4%</td><td>0.4%</td><td>0.5%</td><td>0.5%</td><td>0.6%</td><td>0.7%</td><td>0.7%</td><td>1.0%</td><td>1.0%</td><td>1.0%</td></tr>
<tr><td>28</td><td colspan="4">Overhead allocations
The way we work out overheads and costs associated with each Council activity will stay the same during the LTP 2021-2031.</td><td>Medium</td><td colspan="4">-</td></tr>
<tr><td>29</td><td colspan="4">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.</td><td>Low</td><td colspan="4">-</td></tr>
<tr><td colspan="10">Population assumptions</td></tr>
<tr><td>30</td><td colspan="4">Growth forecasting
Population across the region is expected to reflect the population projections set out below.[1]</td><td>Low</td><td colspan="4">-</td></tr>
</table>

Data released February 2017

Dataset: Subnational population projections, by age and sex, 2013(base)-2043 update							
Projection	Medium						
Year at 30 June	2013	2018	2023	2028	2033	2038	2043
Area							
Total New Zealand by region	4,442,100	4,864,600	5,157,900	5,389,700	5,595,000	5,769,800	5,923,100
Bay of Plenty region	279,700	303,500	318,400	329,800	339,400	346,900	353,100
Kawerau District Council	6,650	6,840	6,630	6,370	6,030	5,620	5,180
Opotiki District Council	8,780	8,800	8,550	8,220	7,790	7,260	6,670
Rotorua District Council	68,400	71,800	73,400	74,000	74,100	73,600	72,600
Tauranga City Council	119,800	134,600	145,800	154,900	163,600	171,700	179,500
Western Bay of Plenty District Council	45,500	49,500	51,800	53,800	55,500	56,900	57,900
Whakatāne District Council	34,200	35,800	36,200	36,400	36,300	35,800	35,100

(1) data extracted on 09 Dec 2020 01:20 UTC (GMT) from NZ Stat

Source: *http://nzdotstat.stats.govt.nz/WBOS/Index.aspx?DataSetCode=TABLECODE7549#*

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 tāngata'.

Alongside the positive impacts delivered through our seven 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 seven 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
Integrated Catchment Management	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. This will be primarily through implementing water quality and quantity requirements under the National Policy Statement for Freshwater Management. 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 S32 of the Resource Management Act 1991. Clear opportunities are provided to Māori and our wider community to express their views though the planning process. We endeavour to take a balanced approach and take into account 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	Potential negative effects on the environment as a result 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 with appropriate public consultation occur frequently to ensure that effects of concern to the community are understood and adverse effects are avoided, remedied or mitigated. All activities undertaken by the Rivers and Drainage team of council comply with our environmental code of practice and relevant industry design standards. Where a significant change to an activity is proposed, clear opportunities are provided to the community to express their views via the engagement processes set out through Councils Significance and Engagement Policy.

Group of Activities	Significant Negative Effects	Mitigation
Resource Regulation and Monitoring	Increasing costs and/or changes to current practice to meet environmental standards as set by Regional Planning work may impact economic wellbeing.	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 S32 of the Resource Management Act 1991.
Transportation and Urban Planning	Transport service delivery has varied levels of service 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.
Democracy, Engagement and Planning	Increasing the amount of regulation in regional plans and increasing environmental standards, including developing and implementing water quality and quantity requirements under the National Policy Statement for Freshwater Management, may result in increased compliance costs to resource users or changes to allowable uses impacting economic wellbeing.	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 S32 of the Resource Management Act 1991.
Emergency Management	There is no significant negative effect of providing this service.	
Support Services	There is no significant negative effect of providing this service. Technical Services (Science, data, and geospatial services) support Regional Planning work.	

Audit
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Please refer to the Audit Opinion in the Consultation Document (page 36)