

Regional Council

NOTICE IS GIVEN

that the next meeting of the **Regional Council** will be held in **Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga** on:

Thursday, 20 April 2017 commencing at 9.00 am.

Mary-Anne Macleod
Chief Executive
11 April 2017



Regional Council

Terms of Reference

Purpose

- Enable democratic local decision-making and action by, and on behalf of, Bay of Plenty communities.
- Meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Set the overarching strategic direction for Bay of Plenty Regional Council as an organisation.
- Hold ultimate responsibility for allocating financial resources across the Council.

Membership

All councillors are members of the Regional Council.

Quorum

In accordance with Council standing order 10.1(a), the quorum at a meeting of the Regional Council is seven members, consisting of half the number of members.

Meeting frequency

Six-weekly.

Role of Council

- Address Local Electoral Act matters and Local Government Rating Act matters.
- Oversee all matters relating to identifying and contributing to community outcomes.
- Consider and agree on matters relating to significant new activities or areas of involvement such as infrastructure which are not the responsibility of a specific committee.
- Provide regional leadership on key issues that require a collaborative approach between a number of parties.
- Develop, adopt and review Council's Policy on Significance and decision-making policy and processes.
- Develop, adopt and implement the Triennial Agreement and the Code of Conduct.
- Consider and agree on matters relating to elected members' remuneration matters.
- Appoint the Chief Executive Officer, and review their contract, performance and remuneration at least annually.
- Approve all delegations to the Chief Executive, including the authority for further delegation to staff.
- Establish committees, subcommittees, and working parties and appoint members.
- Receive and consider recommendations and matters referred to it by its committees, joint committees, subcommittees and working parties.

- Approve membership to external bodies and organisations, including Council Controlled Organisations.
- Develop, adopt and review policies for, and monitor the performance of, Council Controlled Organisations.
- Review and approve strategic matters relating to the sale, acquisition and development of property for the purposes of meeting Council's organisational requirements and implement approved Regional Council policy.
- Address strategic corporate matters including property and accommodation.
- Institute any proceedings in the High Court that are not injunctive proceedings.
- Exercise the powers and duties conferred or imposed on Council by the Public Works Act 1981.
- Consider and agree on the process to develop the Long Term Plan, Annual Plan and Annual Report.
- Adopt Council policies as required by statute (for example Regional Policy Statement and Regional Land Transport Strategy) to be decided by Council or outside of Committee delegations (for example infrastructure policy).
- Delegate to commissioners to exercise the powers, functions and duties of the Council as a consent authority under the Resource Management Act 1991 including to hear and decide a consent application.
- Monitor Council's financial and non-financial performance in-year.
- Develop, review and approve Council's Financial Strategy and funding and financial policies and frameworks.

Delegations from Council to Committees

- Full Council has a role to monitor the functioning of all committees.
- Full Council will consider matters not within the delegation of any one Council committee.
- Full Council may at any time, revoke or modify a delegation to a Council committee, either permanently, for a specified time or to address a specific matter, if it considers there is good reason to do so.
- The delegations provided to committees may be further delegated to subcommittees unless the power of further delegation is restricted by Council or by statute.

It is accepted in making these delegations that:

- The committees, in performing their delegated functions, powers or duties, may, without confirmation by the Council, exercise or perform them in a like manner and with the same effect as the Council itself could have exercised or performed them.
- The delegated powers given shall at all times be subject to their current policies and principles or directions, as given by the Council from time to time.
- The chairperson of each committee shall have the authority to exercise their discretion, as to whether or not the delegated authority of the committee be used where, in the opinion of the chairperson, circumstances warrant it.

Powers that cannot be delegated

Under Clause 32 Schedule 7 of the Local Government Act 2002, Full Council must make the following decisions:

- Make a rate.
- Make a bylaw.
- Borrow money or purchase or dispose of assets, other than in accordance with the long-term plan.
- Adopt the long-term plan, annual plan, or annual report.
- Appoint a chief executive.
- Adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement.
- Adopt a remuneration and employment policy.

Public Forum

1. A period of up to 15 minutes may be set aside near the beginning of the meeting to enable members of the public to make statements about any matter on the agenda of that meeting which is open to the public, but excluding any matter on which comment could prejudice any specified statutory process the council is required to follow.
2. The time allowed for each speaker will normally be up to 5 minutes but will be up to the discretion of the chair. A maximum of 3 public participants will be allowed per meeting.
3. No statements by public participants to the Council shall be allowed unless a written, electronic or oral application has been received by the Chief Executive (Governance Team) by 12.00 noon of the working day prior to the meeting and the Chair's approval has subsequently been obtained. The application shall include the following:
 - name of participant;
 - organisation represented (if any);
 - meeting at which they wish to participate; and matter on the agenda to be addressed.
4. Members of the meeting may put questions to any public participants, relevant to the matter being raised through the chair. Any questions must be asked and answered within the time period given to a public participant. The chair shall determine the number of questions.

Membership

Chairman:	D Leeder
Deputy Chairman:	J Nees
Councillors:	N Bruning, W Clark, J Cronin, S Crosby, D Love, T Marr, A Tahana, P Thompson, L Thurston, A von Dadelszen, K Winters
Committee Advisor:	S Kameta

Recommendations in reports are not to be construed as Council policy until adopted by Council.

Agenda

E te Atua nui tonu, ko mātau ēnei e inoi atu nei ki a koe, kia tau mai te māramatanga ki a mātau whakarite mō tēnei rā, arahina hoki mātau, e eke ai te ōranga tonu ki ngā āhuatanga katoa a ngā tangata ki tō mātau rohe whānui tonu. Āmine.

“Almighty God we ask that you give us wisdom in the decisions we make here today and give us guidance in working with our regional communities to promote their social, economic, environmental and cultural well-being. Amen”.

1 Apologies

2 General Business and Tabled Items

Items not on the agenda for the meeting require a resolution under section 46A of the Local Government Official Information and Meetings Act 1987 stating the reasons why the item was not on the agenda and why it cannot be delayed until a subsequent meeting.

3 Public Forum

4 Declarations of Conflicts of Interests

5 Pōwhiri/Welcome for newly Elected Member

6 Presentation of the final declaration of Mauao Māori Constituency By-Election Results

7 Making and attesting of declaration by elected member pursuant to clause 14(3), Schedule 7 of the Local Government Act 2002

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Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
13.1 Public Excluded Regional Council minutes - 09 March 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.2 Public Excluded Extraordinary Council minutes - 29 March 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.3 Public Excluded Civil Defence Emergency Management Group Joint Committee Minutes - 24 February 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.4 Public Excluded Rotorua Te Arawa Lakes Strategy Group minutes - 10 March 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.5 Public Excluded Regional Transport Committee minutes - 30 March 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.6 Confidential Appendix 1 - Investment Performance Report 2016/17 Months 1 to 8	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
13.7 Confidential Appendix 2 - Investment Fund Valuation and Report for February 2017	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.8 Presentation from Opotiki District Council on the Opotiki Harbour Transformation Project	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.9 Quayside Holdings Limited Half Yearly Report 2016/17 and Draft Statement of Intent 2017/18	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
13.10 Quayside Holdings Limited - Councillor Director Selection Process	To protect the privacy of natural persons, including that of deceased natural persons.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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13.3	Public Excluded Civil Defence Emergency Management Group Joint Committee Minutes - 24 February 2017	365
13.4	Public Excluded Rotorua Te Arawa Lakes Strategy Group minutes - 10 March 2017	369
13.5	Public Excluded Regional Transport Committee minutes - 30 March 2017	371
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Agenda item 12.5 refers.		
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Agenda item 12.5 refers.

13.8	Presentation from Opotiki District Council on the Opotiki Harbour Transformation Project	385
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Pōwhiri/Welcome for newly Elected Member

Presentation of the final declaration of Mauao Māori Constituency By-Election Results

**Making and attesting of declaration by elected member
pursuant to clause 14(3), Schedule 7 of the Local
Government Act 2002**

Previous Council Minutes

Minutes of the Regional Council Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 9 March 2017 commencing at 9.30 a.m.

Present:

Chairman: D Leeder

Deputy Chairman: J Nees

Councillors: J Cronin, T Marr, P Thompson, D Love, N Bruning, W Clark, S Crosby, K Winters, A von Dadelszen. Attendance in part: L Thurston

In Attendance: M Macleod (Chief Executive), M Taylor (General Manager Corporate Performance), E Grogan (General Manager Regulatory Services), F McTavish (General Manager Strategy & Science), J Graham (General Manager Corporate Solutions), C Ingle (General Manager Integrated Catchments), M Le Comte (Organisational Planning Manager), S Hey (Manager Chief Executive's Office), Y Tatton (Interim Governance Manager), S Craig (Communications Manager), G Maloney (Transport Policy Manager), S Kameta (Committee Advisor)

Attendance in part: C Naude (Director, Emergency Bay of Plenty), N Zaman (Regulatory Compliance Manager), T White (Incentives Programme Director), C Stephenson (Relationship Manager), J Meldrum (Operational Readiness), D Hyland (Finance Manager), A Dixon (Management Accountant Team Leader), A Bruere (Lake Operations Manager); Guests and visitors: University of Waikato Professor B Clarkson (Deputy Vice Chancellor Research) Professor D Hamilton (Chair, Lake Management and Restoration), Professor C Battershill (Chair, Coastal Science)

Apologies: A Tahana, P Thompson (for lateness)

1 Opening karakia

Provided by Councillor Marr.

2 Apologies

Resolved

That the Regional Council:

- 1 Accepts the apology from Councillor Tahana and apology for lateness from Councillor Thompson tendered at the meeting.**

**Thurston/Bruning
CARRIED**

3 **Chairman's announcements**

The Chairman made the following announcements:

1) **Briefing updates**

Refer Tabled Document Number 1.

In lieu of the Public Forum, the Chairman advised that Council would receive next on the agenda, briefings on the following matters:

- a) Water Protest Rallies – Communications Manager Sue-Ellen Craig gave a communication update on water protest rallies that would be taking place within the community on 14 March 2017, as part of a petition and campaign being coordinated by the New Zealand Water Forum – Bung the Bore. Members were provided with an information summary about the protest rallies, water takes and community interest in relation to the Otakiri bottling plant (refer Tabled Document Number 1).
- b) Civil Defence Emergency Management update – General Manager Integrated Catchments Chris Ingle and Director Emergency Management Bay of Plenty Clinton Naude briefed councillors on recent heavy rainfall events and informed that emergency management staff would be monitoring the situation.
- c) Environment Court Appeal Proceedings for Rena Consent Hearing Decisions – General Manager Regulatory Services Eddie Grogan advised that appeal proceedings had commenced that week, to be held over the next four weeks. Mr Grogan confirmed that Regional Council would be maintaining its position, with Council's Consent Manager involved as a witness to the proceedings.

2) **Agenda item 7.2 withdrawn**

The Chairman advised that following advice from staff, agenda item 7.2, 'Proposed Changes to Port Charges (Harbour Dues) for Consultation' was to be withdrawn from the agenda. The reason for the withdrawal was that it was more appropriate that Port charges be reviewed as part of the Long Term Plan process.

Resolved

That the Regional Council:

- 1 **Agrees to withdraw from the agenda, item 7.2, Proposed Changes to Port Charges (Harbour Dues) for Consultation.**

**Leeder/Cronin
CARRIED**

4 **Declaration of conflicts of interest**

No conflicts of interest were declared.

5 **Previous Minutes**

6 Regional Council Minutes - 14 February 2017

Matters arising

Minute Item 10.1, Bay of Plenty Regional Navigation Safety Bylaw 2017 adoption (page 20 of the agenda) - Clarification was sought regarding the inconsistencies referred to in Maritime New Zealand's letter. It was confirmed that the adopted Bylaw was consistent with the Maritime Transport Act and that the inconsistencies were related to Maritime New Zealand's proposed policy, to which minor amendments had been made to the Bylaw in response to the letter.

Resolved

That the Regional Council under its delegated authority:

- 1 Confirms the minutes of the Regional Council meeting held 14 February 2017, as a true and correct record.**

**Leeder/Cronin
CARRIED**

Attendance

Councillor Thompson entered the meeting at 9:41 am.

7 Chairman's Report

The Chairman updated Council on his activities and matters of potential interest.

Advice and discussion was raised on environmental monitoring and reporting matters from the Regional Sector Group (RSG) meeting held on 17 February 2017. The Chairman confirmed a combined RSG response would be submitted to the Minister for the Environment, in response to work and correspondence received on the *Clean Water* consultation document, including proposed amendments to the National Policy Statement for Freshwater Management 2014. Members were informed of the fourth tranche and second reading of the Resource Management Amendment Bill. Comment was raised on the importance of receiving further information on these matters to inform a Council workshop on water taking place on 16 March.

Regarding the Local Government Futures work, the Chief Executive advised that the local government Bay of Plenty Chief Executives are in the process of scoping a closeout report that would include key findings of the various reports produced in the project, the process followed and lessons learnt. The report will not include any recommendations.

In addition to the report, members were advised that a Productivity Commission report was due to be released the following week.

Resolved

That the Regional Council:

- 1 Receives the report, Chairman's Report.**

**Leeder/Love
CARRIED**

8 Chief Executive's reports

8.1 Statement of Proposal to amend the Bay of Plenty Regional Council Resource Management Act and Building Act Charges Policy

General Manager Regulatory Services Eddie Grogan and Regulatory Compliance Manager Nick Zaman presented the report that recommended Council adopt the Proposed Bay of Plenty Regional Council Resource Management Act and Building Act Charges Policy 2017/2018 (Charges Policy).

Clarification was sought and provided on the proposed increases. It was explained that the proposed change to OSET fees would align them with other water consent fees. Cost recovery for monitoring complaints was recuperated through consent actual and reasonable charges. It was noted that the most significant jump in charges was the overall increase in inflation (BERL) and science and monitoring charges. Regarding complaints associated with reverse sensitivities, members were advised that officers were trained to deal with these issues. An in-depth report on compliance complaints would be reported to the Regional Direction and Delivery Committee.

Resolved

That the Regional Council:

- 1 Receives the report, Statement of Proposal to amend the Bay of Plenty Regional Council Resource Management Act and Building Act Charges Policy.
- 2 Agrees to the proposed changes to the Charges Policy as outlined in Section 2.2 of the report, as set out below:
 - a. Increase the \$500 fixed charge component of the general application fee for resource consents (Section 2.2.1 of the Charges Policy) by \$50 to \$550 (GST exclusive), to reflect the increased administration required in the Accela database system. Based on an estimated receipt of 500 applications in the next financial year, this will result in additional revenue of \$25,000;
 - b. Replace the fixed fee for processing short term consents for On-Site Effluent Treatment (OSET) systems 'in future reticulation zones' and where 'properties require a community solution' (Table 1 of the Charges Policy) with the general application fee and recovery of actual and reasonable costs for consent applications;
 - c. Maintain the fixed fee for transfer of consent applications that are complete (Table 1 of the Charges Policy), but introduce recovery of actual and reasonable costs for incomplete transfer applications;
 - d. A \$10 (plus BERL) increase to the base charge (Section 3.1 of the Charges Policy) for all fixed fee consent activities (from \$99 to \$111, GST exclusive). This would apply to approximately 2,950 consents and provide an increased revenue of around \$30,000/pa;
 - e. An increase of 2% (BERL) for Building Act Charges (Section 5. Table 2 of the Charges Policy);

- f. Remove the 'credit factor' allowance (Section 3.2.1 of the Charges Policy) applied to the fixed supervision/compliance charge for self-monitoring. Resource consents covered by this category are now charged on an actual and reasonable basis thereby removing the need to apply a credit factor to a fixed charge;
 - g. A change to the hourly rates structure in Schedule A, Table 1 of the report.
- 3 Adopts the Statement of Proposal on Resource Management Act and Building Act Charges Policy 2017/2018 for public consultation through the special consultative procedure under the Local Government Act (appended to this report).
- 4 Confirms that Council will continue to waive charges for consented Low Risk Onsite Effluent Treatment Systems for the 2017/2018 financial year.
- 5 Confirms that Council agrees the three exceptions to the base charge, as outlined in section 2.4 of the report, set out below:
 - (a) Long term consents for structures, reclamations or diversions in the Coastal Marine Area, rivers and lakes unless an inspection has been carried out (in which case, the consent holder is charged as per Schedule 1A or 2A).
 - (b) "Consequential" consents such as the discharge permit in an activity that involves a diversion and discharge, or the discharge permit in an activity that involves taking and discharging water (e.g. to heat a pool). To qualify, the "consequential" consent must occur as a natural consequence of the primary activity and have no significant environmental effect compared to the primary consent.
 - (c) In addition to the base charge, a special administrative charge is payable where multiple holders of one consent request separate invoicing and correspondence to each consent holder. An additional fee of \$115 (GST inclusive) will be charged to each additional consent holder requiring this service.

Von Dadelszen/Nees
CARRIED

8.2 Draft Annual Plan 2017/18 - Approval of Information Document and Supporting Information

Refer Supporting Document: Annual Plan 2017/18 Information Document.

The report sought the approval of the 2017/18 Annual Plan draft Budget, Information Document and supporting documentation for public release. Members were provided with a hard copy of the draft Information Document for their information. General Manager Corporate Performance Mat Taylor and Organisational Planning Manager Mark Le Comte highlighted key changes within the draft budget and the process for communication, engagement and the special consultative procedure.

Mr Taylor confirmed the public would have the opportunity to feedback and address Council at its meeting on 19 May 2017. Councillors would have the opportunity for further Draft Annual Plan discussion at the Council workshop scheduled the same day.

Council supported the recommendations and approval of the 2017/18 Draft Annual Information Document and supporting information, subject to a cost breakdown of general, targeted and total rates to be included in the graph shown on page 19 of the Information Document, which was noted and acknowledged by staff.

Requests were made for a copy of the distribution list of stakeholders receiving the Information Document to be provided to councillors for information; and that information be provided for the Annual Plan Council Workshop on 19 May on: air quality monitoring, levels of service, the status of marine spatial plan monitoring, environmental enhancement funding, trend analysis of the volunteer growth base (to include bait trapping) and whether Council support was keeping pace.

Resolved

That the Regional Council:

- 1 Receives the report, Draft Annual Plan 2017/18 - Approval of Information Document and Supporting Information;**
- 2 Approves the draft Budget for 2017/18 and financial statements in appendices 1-5 for the purpose of public information.**
- 3 Notes that the draft Budget 2017/18 is unbalanced, mainly due to payment of operating grants for infrastructure projects.**
- 4 Approves the draft total real rates revenue increase of 6.6%, which is less than the forecast 8.5% increase of for year three of the Long Term Plan 2015-2025, for the purpose of public information.**
- 5 Agrees that, pursuant to section 95 2A of the Local Government Act (2002), the variances from Long Term Plan year 3 are not significant or material enough to require a full special consultative procedure including formal submissions and hearings.**
- 6 Approves the Annual Plan 2017/18 Information Document ‘Thriving Together – The journey continues’.**
- 7 Delegates to the Chief Executive to make any minor editorial changes to the Annual Plan 2017/18 Information Document.**
- 8 Approves the release of the Annual Plan 2017/18 Information Document and draft budget 2017/18 for public information and feedback.**
- 9 Confirms that the decision has a low level of significance.**

**Leeder/Bruning
CARRIED**

8.3 Update on Lake Rotorua Incentives Committee Activities

Incentives Programme Director Te Taru White updated Council on progress made by the Lake Rotorua Incentives Committee (LRIC) towards achieving its nitrogen reduction targets within its terms of reference and approved budgets. Mr White outlined points from the report and highlighted the importance of building relationships with landowners to move forward with agreements. LRIC Committee Chair Councillor

Bruning provided comment on the Committee's progress and stated he was pleased with how it was working.

Assurance was sought regarding protection of intellectual property. Although this was covered by a 999 year deed of term, the Chief Executive undertook to check that protection was safeguarded.

Resolved

That the Regional Council:

- 1 Receives the report, Update on Lake Rotorua Incentives Committee Activities.**

**Bruning/von Dadelszen
CARRIED**

Adjournment

The meeting adjourned at 10:50 am and reconvened at 11:15 am.

Attendance

Councillor Thurston left the meeting and tendered his apology for his early departure at 11:15 am.

8.4 Update from the University of Waikato

Refer PowerPoint Presentation A2563218.

University of Waikato Vice Chancellor Research Professor Bruce Clarkson was in attendance with Coastal and Lake Chairs Professors Chris Battershill and David Hamilton, to provide an update to Council on the activities of the University of Waikato.

Further to the report, Professor Clarkson informed Council that earthworks and scoping of course requirements were underway for the Tauranga Campus. In regard to the proposed Marine Centre, development of a purpose built centre that would focus purely on project research to assist entrepreneurial activity was being progressed. The joint establishment of Te Waiora Freshwater Management Institute had received Central Government funding for incentivising joint research collaboration models. The proposal for a Regional Research Institute was a further opportunity to obtain a share of contestable funding that was available and aimed at converging innovation and performance institutes.

Chair in Lake Management and Restoration Professor Hamilton followed with a presentation that highlighted progress and ongoing challenges for lake management and restoration. Professor Hamilton acknowledged the range of academics and funding support, as a focal point of the programme and expressed the importance of maintaining a routine monitoring programme as being critical to gaining long-term trends. He considered future technology advances in modelling would assist decision-making and noted that data analysis, alum dosing, natural occurrence of phosphorus, recycling of nutrients, agricultural practices and lakeweed were ongoing challenges for the programme.

Attendance

Councillor Cronin exited at 12:02 pm.

A further opportunity for discussion with Professor Hamilton was requested, which the Chief Executive noted.

The Chairman thanked the gentlemen for their attendance and presentation, with acknowledgement expressed from members to Professors Bathershill and Hamilton for their outstanding work.

As Professor Hamilton's contract was coming to an end, on behalf of Council, the Chairman paid special tribute to Professor Hamilton. He thanked him for his tenure and exceptional efforts in a challenging area of work and wished him well for the future.

Resolved

That the Regional Council:

- 1 Receives the report, Update from the University of Waikato.**
- 2 Notes that staff intend to initiate an independent review of the University Chairs with findings to be delivered before the end of this financial year.**

**Marr/von Dadelszen
CARRIED**

Attendance

Councillor Cronin entered the meeting at 12:20 pm.

8.5 Update on local government reorganisation in other regions

Manager Chief Executive's Office Shelley Hey presented the report that updated Council on local government reorganisation initiatives in other regions. Ms Hey advised since her report was written, the Local Government Commission had released a report on its community engagement on Auckland local government arrangements. The summary of feedback revealed that many people think improvements could be made to reflect the local needs of more isolated and/or rural areas in Auckland, however, there is a variety of views about what improvements are needed and how they could be attained.

Resolved

That the Regional Council:

- 1 Receives the report, Update on local government reorganisation in other regions.**

**Love/von Dadelszen
CARRIED**

Adjournment

The meeting adjourned at 12:40 pm and reconvened at 1:00 pm.

9 Public Excluded Section

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
8.1 Public Excluded Regional Council Minutes - 14 February 2017	Please refer to the relevant clause in the meeting minutes	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
8.2 New Aquaculture Opportunities - Eastern BOP	To carry out, without prejudice or disadvantage, commercial activities.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
8.3 Regional Integrated Ticketing System Interim Solution	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
8.4 Whakatāne and Tauranga Building Upgrades	To prevent the disclosure or use of official information for improper gain or improper advantage.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
9.1 Presentation: Chief Executive's 6-monthly Performance Review	To protect the privacy of natural persons, including that of deceased natural persons.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

**Leeder/Bruning
CARRIED**

The meeting closed with a karakia at 3:50 pm, at the conclusion of the public excluded items.

Confirmed

Chairman Bay of Plenty Regional Council

Date

Minutes of the Extraordinary Council Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Wednesday, 29 March 2017 commencing at 9.00 a.m.

Present:

Chairman: D Leeder

Deputy Chairman: J Nees

Councillors: L Thurston, P Thompson, D Love, N Bruning, W Clark, S Crosby, K Winters, A von Dadelszen

In Attendance: M Macleod (Chief Executive), C Ingle (General Manager Integrated Catchments), E Grogan (General Manager Regulatory Services), F McTavish (Group Manager Strategy & Science), M Taylor (General Manager Corporate Performance), N Zaman (Pollution Prevention Manager), Y Tatton (Interim Governance Manager), R Garrett (Committee Advisor)

Apologies: J Cronin, T Marr, A Tahana

1 Apologies

Resolved

That the Regional Council:

- 1 Accepts the apologies of Councillors Cronin, Marr and Tahana tendered at the meeting.**

**Leeder/Winters
CARRIED**

2 Declaration of conflicts of interest

No conflicts of interest were declared.

3 Reports

3.1 Minor amendment to Statement of Proposal relating to the Resource Management Act and Building Act Charges Policy

General Manager Regulatory Services Eddie Grogan spoke to this report, supported by Pollution Prevention Manager Nick Zaman. The report sought approval to make a minor amendment to the Statement of Proposal relating to the Resource Management

Act and Building Act Charges Policy to correct an omission relating to the base charge applied to consents charged for actual and reasonable compliance monitoring.

Resolved

That the Regional Council:

- 1 Receives the report, Minor amendment to Statement of Proposal relating to the Resource Management Act and Building Act Charges Policy.
- 2 Rescinds the resolution made at the Regional Council Meeting on 9 March 2017: A \$10 (plus BERL) increase to the base charge (Section 3.1 of the Charges Policy) for all fixed fee consent activities (from \$99 to \$111, GST exclusive). This would apply to approximately 2,950 consents and provide an increased revenue of around \$30,000/pa.
- 3 Confirms a \$10 (plus inflationary adjustment) increase to the base charge for all consent activities (from \$99 to \$111, GST exclusive).
- 4 Agrees to amend the Statement of Proposal for public consultation relating to the Resource Management Act and Building Act Charges Policy (appended to this report) as follows:
 - a. Fifth bullet point on page 4: Increasing the base charge by \$10 (plus 2% inflation) for all ~~fixed fee~~ consent activities;
 - b. Last paragraph on page 6: It is proposed to increase the base charge by \$10 for all ~~fixed fee~~ consent activities in addition to the 2.0% increase to allow for inflation. This means that the base charge will increase from \$99 (excluding GST) to \$130 (including GST).
 - c. Amending all references to the close of submissions to be 30 April 2017.

Thompson/Leeder
CARRIED

4 Public Excluded Section

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<i>General Subject of Matter to be Considered</i>	<i>Reason for Passing this Resolution in Relation to this Matter</i>	<i>Grounds Under Section 48(1) LGOIMA 1987 for Passing this Resolution</i>
5.2 Tauranga City Council Transport Committee Representatives	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be	The withholding of the information is necessary to protect the privacy of natural persons.

	likely to result in the disclosure of information for which good reason for withholding would exist.	
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**Leeder/Winters
CARRIED**

5 Reports continued

5.1 Tauranga City Council's Transport Committee Representatives

Group Manager Strategy & Science Fiona McTavish presented this report which outlined the invitation received from Tauranga City Council to appoint a regional council member (and alternate) as a non-voting member to their Transport Committee; and recommended the appointment be made.

Resolved

That the Regional Council:

- 1 Receives the report, Tauranga City Council's Transport Committee Representatives;**
- 2 Recommends the appointment of Councillor Lyall Thurston as the Bay of Plenty Regional Council's representative, and Councillor Stuart Crosby as the alternate representative, to the Tauranga City Council Transport Committee as a non-voting member.**
- 3 Acknowledges and thanks staff for their continued effort and professionalism in the area of public transport.**

**Thompson/Leeder
CARRIED**

The meeting closed at 9.28 am.

Statutory Committee Minutes

Minutes of the Te Maru o Kaituna River Authority Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 16 February 2017 commencing at 10.30 a.m.

Present:

Chairman: D Flavell (Tapuika Iwi Authority Trust)

Deputy Chairman: Councillor A Tahana (Bay of Plenty Regional Council)

Appointees: Councillor K Marsh (Western Bay of Plenty District Council), Deputy Chairman J Nees (Alternate, Bay of Plenty Regional Council), Councillor J Scrimgeour (Alternate, Western Bay of Plenty District Council), S Morris (Tauranga City Council), M Tapsell (Tapuika/Waitaha), H Maxwell (Alternate, Tapuika/Waitaha), P Callaghan (Alternate, Tapuika Iwi Authority Trust), R Hancock (Alternate, Ngati Rangiwewehi).

In Attendance: R Pou Poasa (Observer, Te Komiti Nui o Ngāti Whakaue), M Horne (Alternate Observer, Te Komiti Nui o Ngāti Whakaue); Tapuika iwi members; Rotorua Lakes Council: Councillor M Gould, J Riini (Partnership Advisor), E Jonker (Senior Policy Advisor, Strategy); BOPRC: A Fort (Senior Planner), A Vercoe (Maori Policy Team Leader), D Llewellyn (Legal Specialist), E Grogan (General Manager Regulatory Services), H Ngatai (Marketing and Communications Advisor), J Watts (Policy Analyst), K O'Brien (Strategic Engagement Manager), N Poutasi (Water Policy Manager), P de Monchy (Kaituna Catchments Manager), R Garrett (Committee Advisor); Tauranga City Council: K Marjoribanks (Policy Planner); J Fitter (Maketū Ongatoro Wetland Society, Kaituna Freshwater Futures Community Group).

Apologies: Councillor T Tapsell, N Chater, G Mohi, H Paul.

1 Welcome

The Chairman welcomed members and visitors, in particular noting and welcoming the attendance of Tapuika iwi members, and opened the meeting with a karakia.

2 General Business and Tabled Items

The following items were raised for consideration:

General business Item 1		Alternating use of marae for meeting venues
General business Item 2	Tabled Document 1: File note D Llewellyn	Ngāti Whakaue membership

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Receives and considers the General Business items including Tabled Document 1: *File note re Ngāti Whakaue membership***

**Flavell/Tahana
CARRIED**

3 Chairperson's announcement

The Chairman sought and received the members' agreement for Bay of Plenty Regional Council in-house legal counsel Donna Llewellyn to speak to the tabled document as Ms Llewellyn was unable to stay for the entirety of the meeting.

Ms Llewellyn noted that the file note recorded the key points from the presentation made to members on this topic at the 29th November Te Maru o Kaituna meeting and summarised these points for the members. Ms Llewellyn explained that, due to legal privilege, the file note could be provided by members to their appointing organisations but could not be circulated any further. Ms Llewellyn noted that the decision on the status of Ngāti Whakaue membership required the agreement of all members; and drew members' attention to the requirement to maintain balance within Te Maru o Kaituna by mirroring the informal iwi seat with a further Bay of Plenty Regional Council seat.

A member emphasised the importance of the Te Maru o Kaituna representative organisation being the mandated body for Ngāti Whakaue and cautioned against pre-empting a treaty settlement process.

The Chairman noted that the decision on Ngāti Whakaue membership would be made at the next Te Maru o Kaituna meeting, and emphasised that members needed to consider not only the creation of the informal seat for Ngāti Whakaue but also the scope of that seat. The Chairman confirmed that the Chair and Deputy Chair would re-engage with Ngāti Whakaue in the lead up to the next meeting.

4 Public Forum

The Chairman noted the presence of a number of Tapuika members and confirmed that no Public Forum request had been received; and clarified that Tapuika alternate member Pia Callaghan would speak for the Tapuika delegation present at the meeting.

5 Declaration of conflicts of interest

Nil.

6 Previous minutes

6.1 Te Maru o Kaituna River Authority minutes - 29 November 2016

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Confirms the Te Maru o Kaituna River Authority minutes, 29 November 2016**

**Nees/Flavell
CARRIED**

6.2 Te Maru o Kaituna Workshop record - 29 November 2016

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 2 Receives the Te Maru o Kaituna Workshop record, 29 November 2016**

**Nees/Flavell
CARRIED**

7 Reports

7.1 Change of membership

General Manager Regulatory Services Eddie Grogan spoke to this report which informed members of the local authority appointments to Te Maru o Kaituna following the local body triennial elections. The Chairman welcomed Councillor Steve Morris as the new primary member for Tauranga City Council (TCC). Mr Morris acknowledged the contribution made by the former TCC member Mr Matt Cowley, and noted that he was looking forward to working constructively with Te Maru o Kaituna in the future.

Members asked for clarification regarding members' three-year term of appointment and dates for re-appointment; and also regarding the appointment of a Community Board member to Te Maru o Kaituna, and requested that staff report back at the next meeting.

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Receives the report, *Change of membership*;**
- 2 Notes the appointments of Councillor Arapeta Tahana as the appointed member for the Bay of Plenty Regional Council and Councillor Jane Nees as the alternate member.**
- 3 Notes the appointments of Councillor Tania Tapsell as the appointed member for Rotorua Lakes Council and Mr Nick Chater as the alternate member.**
- 4 Notes the appointments of Councillor Steve Morris as the appointed member for Tauranga City Council and Councillor Terry Molloy as the alternate member.**
- 5 Notes the appointments of Councillor Kevin Marsh as the appointed member for Western Bay of Plenty District Council and Councillor John Scrimgeour as the alternate member.**

**Tahana/Hancock
CARRIED**

7.2 Proposed Kaituna River Document

Refer PowerPoint presentation Obj reference: A2538125

Water Policy Manager Namouta Poutasi, Strategic Engagement Manager Kataraina O'Brien and Senior Planner Adam Fort presented this paper which sought feedback and direction from members on the draft pre-circulated version of the Proposed 'Kaituna, he taonga tuku iho - a treasure gifted to us' document to enable the document to be prepared for public notification pursuant to the Tapuika Claims Settlement Act 2014 (the Act).

Ms Poutasi summarised progress to date and outlined the timeframe for notification of the river document and then led members through the draft document section by section. Ms Poutasi noted that the final version of the document will include enhanced graphics and more photographs than the current draft. Feedback provided from members included:

- In Part 1 members suggested minor amendments regarding use of Te Reo and provision of translation, and suggested further information about the current state of the river should be included and more detailed context provided up front in the document.
- In Part 2 members emphasised the importance of ensuring better access to the river under Objective 2; agreed that Objective 5 should include aquifers and springs and better address the issue of water allocation; suggested that Objective 6 be broadened to include all consented activities and that the wording of Objective 8 was confusing and needed clarifying.
- In Parts 3 and 4 members noted that the Tapuika section was to be developed further; suggested that the "Where are we now" section be moved to the front of the document and that additional graphics illustrating the development of the river document and change in land use be included. Members agreed on the need for better images of the river and that a "photobank" for the river should be created.

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Receives the report, Proposed Kaituna River Document;**
- 2 Authorises the General Manager Strategy and Science, Bay of Plenty Regional Council, to:**
 - make amendments to the attached version (Appendix 1) of the Proposed Kaituna River Document *Kaituna, he taonga tuku iho – a treasure gifted to us* as directed by Te Maru o Kaituna, and
 - make editorial and formatting changes for the purposes of graphic design and publishing in order to prepare a version for public notification.

Flavell/Morris
CARRIED

7.3 Development of an Action Plan for the Kaituna River Document

Water Policy Manager Namouta Poutasi spoke to this report which sought direction from Te Maru o Kaituna River Authority on the timing of the development of an action plan to support the River Document. Ms Poutasi explained the options available for the development of an action plan and outlined the advantages and disadvantages of linking an action plan to the river document process or undertaking a separate process.

Members discussed the action plan options. Concern was expressed that developing an action plan without a finalised river document could pre-empt what the river document might say and that having two documents for consideration could be difficult and confusing. The risk of developing too much detail in the action plan before the objectives and outcomes of the document were finalised was noted. Members acknowledged the need to meet statutory timeframes with the river document and generally supported a two-step process of completing the statutory river document first followed by the development of an action plan. The importance of involving iwi in the development of the action plan was noted and the need for a thorough process with proper engagement was emphasised.

Staff clarified the opportunities and timing for Te Maru o Kaituna to link into the Regional Council Long Term Plan process. Member supported the gathering of action suggestions during the Stage 2 engagement process for the river document to inform the development of the action plan.

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Receives the report, Development of an Action Plan for the Kaituna River Document;**
- 2 Approves Option 1: to develop an action plan after the approval of the Kaituna River Document.**

**Flavell/Hancock
CARRIED**

Adjournment

The meeting adjourned for lunch at 1.15pm and reconvened at 1.55pm.

Attendance

S Morris and R Pou Poasa left the meeting during the adjournment.

7.4 Process for Notification, Engagement, Hearings and Deliberations on the Proposed Kaituna River Document

Water Policy Manager Namouta Poutasi and Policy Analyst Jo Watts presented this report which sought direction from members regarding the process and timing for public notification of the river document, hearing of submitters and deliberations.

Members discussed the notification and submission process and supported holding a hearing with a hearing panel comprised off all eight primary Te Maru o Kaituna members. Members noted that a summary of written submissions provided by staff would be useful.

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 **Receives the report, *Process for Notification, Engagement, Hearings and Deliberations on the Proposed Kaituna River Document*.**
- 2 **Approves notification of the proposed Kaituna River Document in May 2017;**
- 3 **Notes that Stage 2 Engagement on the Proposed Kaituna River Document '*Kaituna, he taonga tuku iho – a treasure gifted to us*' will be carried out during the notification period in accordance with the updated Engagement Plan (Appendix 1).**
- 4 **Holds a hearing if there are any submitters who indicate they wish to be heard.**
- 5 **Establishes a Hearing Panel of all primary members for the hearing and consideration of submissions received on the Proposed Kaituna River Document *Kaituna, he taonga tuku iho – a treasure gifted to us*; and for the making of decisions on submissions (including any amendments to the document).**
- 6 **Appoints all primary Te Maru o Kaituna members to the Hearing Panel and further appoints Dean Flavell as the Chairperson of the Hearing Panel.**
- 7 **Directs Bay of Plenty Regional Council staff to receive and acknowledge submissions to proposed *Kaituna, he taonga tuku iho – a treasure gifted to us* and following the close of submissions to prepare a summary of submissions; and further authorises staff to make arrangements for a hearing and any necessary arrangements for additional meeting/s for the Hearing Panel to hold deliberations.**

Flavell/Nees
CARRIED

Attendance

Deputy Chair A Tahana and P Callaghan left the meeting at 2.10pm.

7.5 Integrated Catchments Report to 8 February 2017 - Kaituna - Maketu - Pongakawa Water Management Area

Refer PowerPoint presentation Obj reference: A2585605

Kaituna Catchments Manager Pim de Monchy spoke to this report which updated members on Regional Council operations in the catchment area. Mr de Monchy provided members with a presentation on progress with the Kaituna River re-diversion construction works, noted recent achievements and outlined planned works and next steps in the project. Members asked questions of clarification regarding short-term water quality in the estuary and type of planting planned. Mr de Monchy also clarified the tender process in response to a member's question and noted that he was happy to provide the re-diversion project Assessment of Environmental Effects to members if requested.

Resolved

That the Te Maru o Kaituna River Authority under its delegated authority:

- 1 Receives the report, Integrated Catchments Report to 8 February 2017 - Kaituna - Maketu - Pongakawa Water Management Area;**

**Flavell/Marsh
CARRIED**

8 General Business

- 8.1 Members agreed to alternate venues between local authority venues and marae whenever possible, and suggested using a Rotorua marae for the April Te Maru o Kaituna meeting.

The Chairman thanked members for a productive meeting and staff for their hard work on the river document, and invited one of the kaumatua in attendance from Whare Kohu Te Moni to provide a closing karakia.

The meeting closed at 2.50pm.

Minutes of the Civil Defence Emergency Management Group Joint Committee Meeting held in Committee Room 1, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua on Friday, 24 February 2017 commencing at 12.30 p.m.

Present:

Chairman: Deputy Chair Councillor D Love (Bay of Plenty Regional Council)

Appointees: Mayor A Bonne (Whakatane District Council), Mayor M Campbell (Kawerau District Council), Mayor S Chadwick (Rotorua Lakes Council), Deputy Mayor C Clout (Alternate, Tauranga City Council), Mayor J Forbes (Opotiki District Council), Mayor G Webber (Western Bay of Plenty District Council)

In Attendance: Deputy Mayor D Donaldson (Alternate, Rotorua Lakes Council), Chairman D Leeder (Alternate, Bay of Plenty Regional Council), Deputy Mayor F Tunui (Alternate, Kawerau District Council), G Talbot (Ministry of Civil Defence & Emergency Management), P Baunton (Tauranga City Council), D Bewley (Whakatane District Council), B Dempsey (Opotiki District Council), C Jensen (Kawerau District Council), J Miller (BOP Medical Officer of Health), B Crowe (NZ Police), A Death (Emergency Management Assistant), M Harrex (Manager Planning & Development), C Morris (Manager Recovery & Projects), T Peers-Adams (Administration Officer), C Naude (Director, Emergency Management Bay of Plenty), J Rickard (Western Bay of Plenty), S Cubbon (Committee Advisor)

Apologies: Chairman, Mayor G Brownless (Tauranga City Council)

1 Declaration of conflicts of interest

There were none declared.

2 Civil Defence Emergency Management Group Joint Committee minutes - 05 December 2016

Resolved

That the Civil Defence Emergency Management Group Joint Committee under its delegated authority:

- 1 Receives the Civil Defence Emergency Management Group Joint Committee minutes - 05 December 2016**

**Forbes/Bonne
CARRIED**

3 **Bay of Plenty CDEM Group Annual Plan 2017-18**

Clinton Naude, Director Emergency Management Bay of Plenty, presented the report noting a key action for Emergency Management Bay of Plenty as part of the 2016-17 Annual Plan was to prepare the Annual Plan for the Bay of Plenty Civil Defence Emergency Management Group for the next financial year.

The draft Bay of Plenty CDEM Group Annual Plan 2017-18 was the result of collaboration using the Goals and Objectives of the Bay of Plenty Civil Defence Emergency Management Group Plan 2012-2017 to align the key actions for the next financial year. The draft Plan had been received by the Coordinating Executive Group on Friday, 17 February 2017.

Members sought assurance that communication problems experienced during the recent Christchurch fires would not occur in an emergency situation in the Bay of Plenty, and Mr Naude pointed out a new communication programme had been adopted by the Group. Gary Talbot had attended EOC operations in Christchurch and Kaikoura and shared learnings with members. He considered it most important that Councils understood their obligations around welfare, maintained good relationships with emergency services and clearly talked to the lead agency in an emergency.

Resolved

That the Civil Defence Emergency Management Group Joint Committee under its delegated authority:

- 1 Receives the report, Bay of Plenty CDEM Group Annual Plan 2017-18;**
- 2 Approves the Bay of Plenty CDEM Group Annual Plan 2017-18 for adoption.**

**Webber/Forbes
CARRIED**

4 **Policy for the Appointment and Development of Recovery Managers**

Members approved the Policy for the Appointment and Development of Recovery Managers and agreed to appoint the persons listed in Schedule 1 to the Policy (page 71 of the agenda) as Recovery Managers.

Resolved

That the Civil Defence Emergency Management Group Joint Committee under its delegated authority:

- 1 Receives the report, Policy for the Appointment and Development of Recovery Managers;**
- 2 Approves the Policy for the Appointment and Development of Recovery Managers**
- 3 Appoint Recovery Managers and Alternate Recovery Managers as listed in Schedule 1 of the Policy for the Appointment and Development of Recovery**

Managers, in accordance with s.29 and s.30 of the Civil Defence Emergency Management Act 2002.

**Forbes/Chadwick
CARRIED**

Adjournment

Members adjourned at 12.48am to take part in a workshop on the Draft Bay of Plenty Civil Defence Emergency Management Group Plan 2017-2022. The meeting reconvened at 1.30pm.

5 Draft Bay of Plenty Civil Defence Emergency Management Group Plan 2017-2022

This report presented the draft Group Plan to the Joint Committee for approval for public consultation. Members were also asked to appoint three of their number to serve on the panel to hear submissions to the Draft Bay of Plenty Civil Defence Emergency Management Group Plan 2017-2022.

Resolved

That the Civil Defence Emergency Management Group Joint Committee under its delegated authority:

- 1 Receives the report, Draft Bay of Plenty Civil Defence Emergency Management Group Plan 2017-2022;**
- 2 Approves the Draft Bay of Plenty Civil Defence Emergency Management Group Plan 2017-2022 for public consultation, subject to incorporating the minor amendments identified by the Committee.**
- 3 Appoints Mayors Chadwick and Forbes and Bay of Plenty Regional Councillor Love as members of the Joint Committee to sit on the submissions hearings panel and authorises them to make decisions on submissions received for the Committee.**

**Love/Campbell
CARRIED**

6 Public Excluded Section

Resolved

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

6.1 Public Excluded Civil Defence Emergency Management Group Joint Committee minutes - 05 December 2016 93

Reason

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

Grounds

To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source.

**Love/Clout
CARRIED**

The meeting concluded at 1.35 pm.

Minutes of the Rotorua Te Arawa Lakes Strategy Group Meeting held in The Council Chamber, Rotorua Lakes Council, Civic Administration Building, 1061 Haupapa Street, Rotorua on Friday, 10 March 2017 commencing at 10.00 a.m.

Present:

Chairman: Sir T Curtis (Chairman, Te Arawa Lakes Trust)

Deputy Chairman: Mayor S Chadwick (Rotorua Lakes Council)

Appointees: W Emery (Te Arawa Lakes Trust), Councillor K Hunt (Rotorua Lakes Council), Chairman D Leeder (Bay of Plenty Regional Council), Councillor K Winters (Bay of Plenty Regional Council)

In Attendance: Te Arawa Lakes Trust: K Vercoe (Acting Chief Executive), R Mihinui (Strategic Manager, Environment & Freshwater); Ministry for the Environment: S Lewis; Rotorua Lakes Council: P Thomas (Rotorua Lakes Community Board), G Williams (Chief Executive), A McGregor (Project Management Office Manager), A Lowe (Environmental Scientist); D Atkinson (Chairman, Lake Water Quality Society); G Dohnt (Lake Rotoehu Water), I McLean (Chair - Rotomā Rotoiti Sewerage Steering Committee); Bay of Plenty Regional Council: Councillors S Crosby and L Thurston, A Bruere (Lakes Operations Manager), C Ingle (General Manager Integrated Catchments), H Ngatai (Marketing and Communications Advisor), J Pani (Executive Support Partner), L Mason (Integrated Catchments Programme Manager), L Goldsmith (Rotorua Catchments Manager), M Bell (Project Coordinator), R Burton (Senior Planner (Water Policy)), R Cross (Team Leader Land Resources), T Taru White (Incentives Programme Director), A MacCormick (Senior Lakes Technical Officer), R Garrett (Committee Advisor).

Apologies: Nil

1 Welcome

The Chairman welcomed members and attendees to the meeting, and noted the attendance of Councillors L Thurston and S Crosby from the Regional Council and Rotorua Lakes Community Board member P Thomas. The Chairman invited W Emery to open the meeting with a karakia.

2 Declaration of conflicts of interest

No conflicts of interest were declared.

3 Rotorua Te Arawa Lakes Strategy Group minutes - 20 December 2016

Matters arising

- i) Further to minute item 6.4 a member queried whether this deferred report was to be received at this meeting; staff advised that no update had been provided and this matter would be pursued at the next Strategy Group meeting.
- ii) Further to minute item 2.1 a member queried why this matter had arisen again at this meeting; staff explained that the appointment of the Chairman had been made in error in General Business at the previous meeting and would need to be ratified at this meeting.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Confirms the Rotorua Te Arawa Lakes Strategy Group minutes - 20 December 2016**

**Chadwick/Leeder
CARRIED**

4 Reports

4.1 Appointment of Chairperson, Deputy Chairperson and other Meeting Matters

General Manager Integrated Catchments Chris Ingle assumed the chair and led members through the process to appoint the Chairperson and Deputy Chairperson of the Strategy Group. Members ratified the decision made at the previous meeting to appoint Sir Toby Curtis as Chairperson.

Nominations for the position of Deputy Chairperson were called for. Mayor Steve Chadwick was nominated by Sir Toby Curtis with the nomination seconded by Chairman D Leeder; as no further nominations were received Mayor Chadwick was declared appointed as Deputy Chairperson.

Members noted the need to review the Strategy Group's Terms of Reference which had been in place since 2004.

Sir Toby Curtis assumed the chair for the rest of the meeting.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group (RTALSG) under its delegated authority:

- 1 **Receives the report, Appointment of Chairperson and Deputy Chairperson and other Meeting Matters;**
- 2 **Notes the procedural requirements regarding the election of the Chairperson and Deputy Chairperson;**
- 3 **Ratifies the decision made by RTALSG at its meeting of 20 December 2016 regarding the appointment of Sir Toby Curtis as Chairperson;**
- 4 **Confirms Sir Toby Curtis as the Chairperson for the 2016-2019 Triennium and notes that in doing so agrees to waive the annual rotation of the Chairperson requirement in the Rotorua Te Arawa Lakes Terms of Reference.**
- 5 **Elects Mayor Steve Chadwick as the Deputy Chairperson for the 2016-2019 Triennium.**
6. **Notes the Strategy Group's Terms of Reference, attached as Appendix 1 to the report.**

**Chadwick/Leeder
CARRIED**

7. **Notes the Standing Orders to be used for the conduct of its meetings, attached as Appendix 2, as adopted by the administering authority (Bay of Plenty Regional Council) on 15 November 2016.**
8. **Confirms its membership:**

Te Arawa Lakes Trust; Sir Toby Curtis and Willy Emery with Lana Ngawhika (alternate)

Bay of Plenty Regional Council; Chairman Leeder and Councillor Kevin Winters with Councillor Tiipene Marr (alternate)

Rotorua Lakes Council; Mayor Stevie Chadwick and Councillor Karen Hunt with Deputy Mayor Dave Donaldson (alternate)
9. **Confirms the following 2017 meeting dates:**

27 June 2017; 8 September 2017; 8 December 2017

**Winters/Hunt
CARRIED**

4.2 Rotorua Te Arawa Lakes Programme - Status Report

Refer PowerPoint presentation Obj. id: A2558044

Rotorua Catchments Manager Linda Goldsmith presented this report which updated members on key work undertaken in the Rotorua Te Arawa Lakes Programme since the Group's last meeting. Ms Goldsmith noted the signing of further Gorse Agreements, the development of the Lake Rotorua Incentives Board Strategic Plan and the release of the dNITRO tool which was developed as a Low Nitrogen Land Use Fund project.

A member asked whether any initiatives around the reduction of gorse along roadsides were planned. Staff clarified that the target had been gorse on private land and it was suggested the Regional Council pest management strategy could be used to address this problem and the concern could also be brought to the attention of the New Zealand Transport Authority.

A member asked for a breakdown between drystock and dairy of the landowners registered for Advice and Support; staff agreed to bring this information to the next Group meeting.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the report, Rotorua Te Arawa Lakes Programme - Status Report;**

**Winters/Chadwick
CARRIED**

4.3 Update on Lake Rotorua Incentives Board Activities

Incentives Board Programme Director Te Taru White updated members on progress made by the Incentives Board towards achieving its nitrogen reduction targets within its terms of reference and within approved budgets. Mr White outlined nitrogen deals completed and those in the pipeline, noted the development of the Board's Strategic Plan and explained the Expressions of Interest process developed for small landowners with less than one tonne of nitrogen to sell.

A member queried what type of landuse change was involved in the nitrogen deals; Mr White responded that the majority were combinations of cropping, forestry and dry stock.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the report, Update on Lake Rotorua Incentives Board Activities;**

**Hunt/Chadwick
CARRIED**

4.4 Te Arawa Lakes Trust update

Strategic Manager, Environment & Freshwater, Mr Roku Mihinui provided this verbal update to members. Mr Mihinui outlined progress with the cultural monitoring programme involving Te Arawa students, noting that the programme had moved into its second phase with the development and

trialling of a data capture system. Mr Mihinui noted that negotiations for further support and funding with both Ministries for the Environment and Primary Industries were continuing, and observed that the continual restructuring within the Ministry for Primary Industries was holding up the progress of finalising the fisheries bylaws. Mr Mihinui confirmed that the New Zealand Navy would return later in the year to undertake further surveying work.

Members discussed possible funding sources for the students involved in the cultural monitoring programme, with the New Zealand Qualifications Authority, Ministry for the Environment, the Waikato University Freshwater Centre and Rotorua Lakes Council cadetships being mentioned.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the verbal report, Te Arawa Lakes Trust Update Report to Rotorua Te Arawa Lakes Strategy Group**

**Winters/Hunt
CARRIED**

4.5 Rotorua Lakes Council Update Report to Rotorua Te Arawa Lakes Strategy Group

Refer Tabled Document 1: diagram of land contact beds

Rotorua Lakes Council staff members Aimee McGregor and Alison Lowe presented this report which provided a brief update to members on Rotorua Lakes Council (RLC) activity related to lakes water quality. Ms McGregor outlined progress to date with the Rotorua Wastewater Treatment Plant upgrade and the Rotomā/Rotoiti sewerage scheme, and noted RLC involvement in the Regional Council Plan Change 10 process.

Members asked various questions relating to re-use of wastewater. Staff advised that the idea was to make the discharge water as clean as possible though non-potable, and make it available for re-use by the community e.g. for racecourse irrigation. Discharge water not re-used would be ultimately discharged to the lake via land contact beds; whether this water would be suitable for discharge to the lake would be determined through the cultural engagement process undertaken as part of the resource consent application.

A member commented that while the principle of re-use was laudable, re-use decisions would be driven by economics and RLC's overall water management plan needed to be looked at.

A member asked for clarification around the economic and equity issues associated with underdeveloped Māori land; staff responded that this issue would be addressed in the RLC submission to Plan Change 10.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the report, Rotorua Lakes Council Update Report to Rotorua Te Arawa Lakes Strategy Group**

**Emery/Hunt
CARRIED**

4.6 Rotorua Te Arawa Lakes Programme - 6 Month Report (2016-2017)

Refer Powerpoint presentation Obj. id: A2558043

Rotorua Catchments Manager Linda Goldsmith presented this report which sought approval for the Rotorua Te Arawa Lakes Programme Six Month Report for the 2015-2016 financial year. Once approved, the report will to be submitted to the Ministry for the Environment in accordance with the requirements of the Deed of Funding.

Ms Goldsmith outlined key interventions completed for the six month period including the first agreements being negotiated under the Lake Rotorua Gorse Scheme, achieving the first nitrogen reductions for the Programme under the Integrated Framework and a decision to notify the change to the Regional Water and Land Plan for Lake Rotorua. Ms Goldsmith noted the 31 December 2016 end date of this report and advised members that progress since that date was included in the status report presented earlier in the meeting.

In response to a member's query regarding the impact of boat use on nitrogen levels in the lakes, particularly Lake Ōkāreka, staff advised that there was not a significant impact. A member noted that the issue of boat use was to be considered by the Rotorua Lakes Community Board.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the report, Rotorua Te Arawa Lakes Programme - 6 Month Report (2016-2017).**
- 2 Approves the provision of the Rotorua Te Arawa Lakes Programme – Six Month Report 2016-2017 to the Ministry for the Environment as required by the Deed of Funding Agreement.**
- 3 Confirms that the decision has a low level of significance.**

**Winters/Chadwick
CARRIED**

4.7 **Disposal of Treated Wastewater: Position Statement from TAG and Proposed Nutrient Accounting approach for Rotorua City**

Refer PowerPoint presentation Obj. id: A2563699

Rotorua Lakes Council Project Manager Aimee McGregor presented this report, supported by Lakes Operations Manager Andy Bruere, Environmental Scientist Alison Lowe and Senior Lakes Technical Officer Alastair MacCormick. The report outlined the advice received from the Water Quality Technical Advisory Group on the disposal of treated wastewater in the management of Lake Rotorua, and the nutrient accounting approach developed to ensure target nutrient loads for Lake Rotorua are not compromised while still accommodating urban growth in the catchment.

Ms McGregor explained the background to the report. The current resource consent for the Rotorua Wastewater Treatment Plant (WWTP) places limits on nitrogen (N) and phosphorus discharge; even with the plant operating to the highest standard, expected population growth indicates that these limits will be exceeded. The integrated framework allocations contained in Plan Change 10 do not account for any additional nitrogen discharge due to urban growth. The report presents a nutrient accounting approach that integrates the WWTP N discharge limit with catchment nitrogen accounting, proposing that N discharge rights attached to rural land transfer to the RLC wastewater discharge allowance as the city expands and subdivisions occur.

Members asked various questions of clarification regarding assumptions used in the proposed accounting method, peer review of the accounting mechanism, implications for developers, nitrogen allocation and transfer for subdivision, implications for the operation of the Lake Rotorua Incentives Board and its nitrogen purchase deals and incentives for sustainable use.

Staff answered questions and emphasised that the proposed accounting mechanism focuses on transferring nitrogen allocations and clarified that the total nitrogen discharge allowance allocated to a piece of land will not increase with a subdivision or urban development.

Staff further clarified that the report only seeks approval in principle from the Strategy Group as the proposal will be subject to Resource Management Act planning processes and approvals at the time of the future RLC WWTP resource consent application.

While members accepted that the Strategy Group's role was one of approving in principle the approach outlined, they requested to be kept up-to-date with progress on this issue and to be briefed prior to the WWTP consent application being lodged.

Resolved

That the Rotorua Te Arawa Lakes Strategy Group under its delegated authority:

- 1 Receives the report, Disposal of Treated Wastewater: Position Statement from TAG and Proposed Nutrient Accounting approach for Rotorua City.**

- 2 Supports a Nutrient Accounting approach in principle, recognising that its application will be subject to future planning approval processes that it cannot influence.
- 3 Directs that the RTALSG be updated as required.

Leeder/Chadwick
CARRIED

5 Public Excluded Section

Resolution to exclude the public

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<i>General Subject of Matter to be Considered</i>	<i>Reason for Passing this Resolution in Relation to this Matter</i>	<i>Grounds Under Section 48(1) LGOIMA 1987 for Passing this Resolution</i>
8.1 Public excluded minutes Rotorua Te Arawa Lakes Strategy Group 20 December 2016	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	Refer to the relevant clause in the meeting minutes.

Chadwick/Leeder
CARRIED

6 Confidential business to be transferred into the open

The request by Ministry for the Environment Operations Director Mr Stuart Lewis for the Chief Financial Officers' Forum to submit a more detailed approach to the financial reporting on the overall project progress was noted.

The meeting closed at 12.30pm.

Minutes of the Rangitāiki River Forum Meeting held in Board Room, Te Rūnanga o Ngāti Whare, 1188 Old State Highway 38, Murupara on Tuesday, 21 March 2017 commencing at 10.00 a.m.

Present:

Chairman: M Vercoe (Te Rūnanga o Ngāti Manawa)

Deputy Chairman: D Christie (Te Rūnanga o Ngāti Whare)

Appointees: Reverend G Te Rire (Ngāti Tuwharetoa (BOP) Settlement Trust), Councillor G Johnston (Whakatāne District Council), E Rewi (Alternate, Ngāti Whare), I Kahukiwa Smith (Ngāti Hineuru), Councillor T Kingi (Taupo District Council), Councillors K Winters, T Marr, W Clark, D Love (Alternate) (Bay of Plenty Regional Council)

In Attendance: Bay of Plenty Regional Council: S Stokes (Eastern Catchments Manager), B Hughes (Senior Planner (Water Policy)), M Lee (Planner (Water Policy)), N Willems (Team Leader Eastern & Rangitāiki Catchments), K O'Brien (Strategic Engagement Manager), N Steed (Programme Leader (Statutory Policy)), R Feist (Senior Planner), C Ingle (General Manager Integrated Catchments), L Mason (Integrated Catchments Programme Manager); S McGhie (Principal Planner, Whakatāne District Council), D Bowden, S Mavor (Taupo District Council), A Te Pou (General Manager, CNI Iwi Land Management Limited), C Rowe (Nova Energy); C Fern, A Davies (TrustPower); N Rangiaho (Observer); S Kameta (Committee Advisor)

Absent: M Araroa (Te Rūnanga o Ngāti Awa)

Apologies: D Christie (Te Rūnanga o Ngāti Whare) for lateness; T O'Brien (Alternate, Te Rūnanga o Ngāti Awa), Mayor A Bonne (Alternate, Whakatane District Council), D Jones (Alternate, Ngāti Hineuru)

1 Mihi Whakatau

A mihi whakatau (welcome) was provided by Reverend Te Rire to welcome new member Taupo District Councillor Tangonui Kingi. Councillor Kingi thanked members and staff for the warm welcome and looked forward to participating on the Forum.

An opening karakia was provided by Reverend Te Rire.

The Chair opened the meeting and thanked Ngāti Whare for hosting the meeting.

2 Apologies

Resolved

That the Rangitāiki River Forum:

- 1 **Accepts the apology for lateness from Daryl Christie and apologies from Mayor Bonne, Tuwhakairiora O'Brien and David Jones tendered at the meeting.**

**Clark/Winters
CARRIED**

3 General Business and Tabled Items

The following items were raised for discussion under General Business.

- 1) Freshwater Implementation Fund Project
- 2) Update from Ngāti Whare

4 Declaration of conflicts of interest

No conflicts of interest were declared.

5 Previous minutes

5.1 Rangitāiki River Forum minutes - 22 November 2016

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 **Confirms the minutes of the Rangitāiki River Forum Meeting held 22 November 2016, as a true and correct record.**

**Te Rire/Winters
CARRIED**

6 Reports

6.1 Update from the Chair of the Rangitāiki River Forum

The report informed the Forum of discussions held by the Forum Chair, Deputy Chair and staff on ways in which the Forum and its members could be better supported. The Chair advised of the intention to hold a wananga (informal session) before the Forum's next meeting to discuss strategic matters and encouraged all members to attend.

Future discussion on the understanding and integration of Tikanga Māori, Mātauranga Māori and Te Reo Māori was supported and it was noted that a report would be presented on these matters.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 **Receives the report, Update from the Chair of the Rangitāiki River Forum.**

**Vercoe/Marr
CARRIED**

6.2 Central North Island Iwi Land Management Limited presentation

Refer PowerPoint Presentation Objective ID A2575362

Central North Island Iwi Land Management Limited (CNIILML) General Manager Alamoti Te Pou provided a presentation on the company's objectives and management of the CNI Forest Lands. Mr Alamoti provided background on the historical claim of CNI Iwi and highlighted challenges and aspirations to finalise allocation agreements; maximise wealth while respecting tikanga and the environment; and managing the land and opportunities for current and future generations.

Mr Te Pou noted aspirations to build relationships, work with stakeholder agencies and the community on strategies and to explore alternative opportunities for land utilisation. He noted that CNI Forest Lands did not have any water takes due to existing allocation limits in the catchment, but would be looking at potential opportunities.

Attendance

Daryl Christie entered the meeting at 10:45 am.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Central North Island Iwi Land Management Limited presentation.**

**Marr/Rewi
CARRIED**

6.3 Update on Proposed Change 3 (Rangitāiki River) to the Bay of Plenty Regional Policy Statement

Programme Leader (Statutory Policy) Nassah Steed updated the Forum on the progress of Proposed Change 3 (Rangitāiki River) to the Bay of Plenty Regional Policy Statement. Mr Steed noted the dates for the hearing of submissions scheduled on 2-4 May 2017, the appointment of hearing commissioners and a further recommendation, which would be considered by Regional Council's Regional Direction and Delivery Committee on 29 March, to appoint Councillor Andrew von Dadelszen as a further commissioner to the hearing panel.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Update on Proposed Change 3 (Rangitāiki River) to the Bay of Plenty Regional Policy Statement.**

**Winters/Marr
CARRIED**

6.4 Freshwater Futures Update

Refer PowerPoint Presentation Objective ID A2567051

Strategy Science Manager Ian Morton, Water Policy Planner Michelle Lee and Senior Planner Beverley Hughes updated the Forum on national and regional activity to implement the NPS for Freshwater Management 2014 (NPS-FM). A presentation outlined the status of Plan Changes 9 and 12, national context and Council's role for freshwater management and implications from the Ministry for the Environment's (MfE) release of its *Clean Water* consultation document.

Members were advised the item for discussion under general business would provide further advice on the \$100 million Freshwater Improvement Fund. An independent review of Havelock North's water supply contamination incident was anticipated to be released at the end of March, which staff would be taking into account within their work. A timeline and proposed engagement approach was outlined for the freshwater objective setting in the Rangitāiki Water Management Area. Members were advised that invitations would be extended to Iwi, hapū and tangata whenua to seek feedback on Māori values in the limit-setting process, with feedback being sought now from Iwi Authorities. Mr Morton advised that riparian planting would deliver ninety percent of MfE's proposed swimmability target, but expected further work would be needed to do more.

Concern was raised that run-off from stock would be an ongoing effect on groundwater aquifers. The need for collaborative community discussion on farm intensification and goal setting was raised. Staff confirmed that collective talks within the community would be held and suggested a farm visit to look at issues on the ground could be useful.

A member queried what cognisance was being taken of the Iwi Leaders' Freshwater work and whether Iwi needed to specifically request that this work be considered in the Freshwater debate at the regional and local level. Members were advised that the Iwi Leaders' work influenced National policy direction that fed down to the regional level however, it was important for Iwi to feed into and influence Plan Changes 9 and 12 outcomes at the regional and local level.

It is noted that further discussion was held under General Business, which led to the Forum's decision to support by way of resolution, an application proposal being submitted by the Regional Council to the Ministry for the Environment's Freshwater Improvement Fund, for a wetland restoration project in the Rangitāiki catchment.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Freshwater Futures Update.**
- 2 Supports the funding application proposal being submitted by the Bay of Plenty Regional Council to the Ministry for the Environment's Freshwater Improvement Fund for a wetland restoration project in the Rangitāiki catchment.**

**Clark/Rewi
CARRIED**

6.5 Freshwater Futures and the Consent Process

The report provided information that was requested at the Forum's last meeting on how the Freshwater Futures Programme and consent processes interacted. Eastern Catchments Manager Simon Stokes advised that existing consent processes would continue to be implemented until such time as Plan Change 9 (Region-wide Water Quantity) and Plan Change 12 (Rangitāiki Water Quality and Quantity) to the Regional Water and Land Plan became operative.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Freshwater Futures and the Consent Process.**

**Johnston/Marr
CARRIED**

6.6 Whakatāne District Council - Three Waters Programme in the Rangitāiki River Catchment Report - 21 March 2017

Whakatāne District Council Principal Planner Shane McGhie provided the report that summarised the Council's Three Waters Programme, which contributed to Objective 3 and Action 3.2 of Te Ara Whānui o Rangitāiki – pathway of the Rangitāiki.

Mr McGhie noted the Council's requirement to review its sewage discharge consents over the next 12 years, action undertaken to ensure effective community consultation and provisions which had been included in the Proposed Whakatāne District Plan for the protection of water quality into the future.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Whakatāne District Council - Three Waters Programme in the Rangitāiki River Catchment Report - 21 March 2017.**

**Johnston/Te Rire
CARRIED**

6.7 Regional Growth Study Update

Strategy & Science Manager provided the report on the Regional Growth Study (RGS) and key economic growth opportunities existing in the Rangitāiki Catchment. Mr Morton advised the value of the RGS was its ability to connect people and access Central Government funding to support economic development opportunities in the community through the Bay of Connections' (BoC) model and industry support groups. Mr Morton noted key achievements of BoC (refer report Appendix 1) and specific actions and opportunities being investigated in the Rangitāiki Catchment.

Mr Morton encouraged Forum members to provide feedback on any other potential areas of interest that could be explored. Further information to understand groundwater aquifer resources in relation to water bottling opportunities was requested for the next Forum meeting. It was noted that strategic discussion on economic growth opportunities would be carried through to the Forum's wananga session.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Regional Growth Study Update.**

**Winters/Johnston
CARRIED**

6.8 Te Ara Whānui o Rangitāiki and Eastern Bay - Beyond Today

Refer PowerPoint Presentation Objective ID A2560921

Senior Planner Ruth Feist provided the report that informed of the relationship between Te Ara Whānui o Rangitāiki and Eastern Bay - Beyond Today and identified key strategic issues for the Forum to consider in the future. Ms Feist gave a presentation that outlined the similarities, overlaps and differences between the documents. It was noted that Eastern Bay - Beyond Today was not a driver document, but aimed to draw things together to inform and gain an understanding of over time. An overview of key inter-relationships on strategic issues, influences, limits and drivers for change was provided, with emphasis placed on the complex nature of an evolving future.

Regarding implications for Māori, the need for support, capability and resource was raised.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Te Ara Whānui o Rangitāiki and Eastern Bay - Beyond Today.**

**Clark/Johnston
CARRIED**

6.9 Rangitāiki River Catchment General Update

Refer Map and Movie Clip Objective IDs A2570072, A2541179

Team Leader Eastern & Rangitāiki Catchments Nancy Willems summarised operations and general matters of interest within the Rangitāiki Catchment. Community engagement and feedback was being sought on a draft discussion document to inform the development of the next Regional Pest Management Plan. Wallaby surveillance and eradication was planned. A feasibility report into an irrigation scheme was expected in April 2017, with floodway widening progressing.

A map and footage highlighted the successful inlet opening and water exchange at Okorero (Thornton lagoon). Further work was programmed to enhance the lagoon area. Installation of a cycleway past the lagoon was also being considered. Other activity noted was the development of Kani Rangi Park, lakeweed control and engagement of Sarah van der Boom, as a contractor to coordinate the development of a management plan for Lake Aniwanīwa.

Herbicide effects of diquat on water life at Lake Aniwanīwa, along with lowering lake levels during winter as an alternate to lakeweed control were queried, which was noted for follow up. The impact of on-farm nutrients on weed growth was raised, which would be considered as part of lake management planning.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Rangitāiki River Catchment General Update.**

**Te Rire/Marr
CARRIED**

6.10 **Te Hekenga Nui o Te Tuna - status report**

The Te Hekenga Nui o Te Tuna status report was provided by Team Leader Eastern & Rangitāiki Catchments Nancy Willems. An overview was provided on the status of actions, quota management system, options for rāhui and temporary closure of the fisheries under the Fisheries Act and the opportunity for tangata whenua to participate into the Proposed 2017 Catch Limit Review for North and Chatham Island Tuna. A full response from the Ministry for Primary Industries (MPI) would be available on request.

TrustPower representative Annabel Davies gave an update on TrustPower's artificial eel trials. Ms Davies noted that the trap and transfer of eels was still taking place and being facilitated by Southern Energy. Although the current contractor had pulled out, a replacement was being sought. Ms Davies advised that TrustPower was liaising with Hydro Electric Producers (HEPs) in the Waikato region to investigate options for eel management. An invitation was extended to Forum members to attend a field trip to Waikato sometime in April.

Members were informed that Te Rūnanga o Ngāti Whare had made a moral decision to shelve their tuna allocation to enable Objective 1 of Te Ara Whānui o Rangitāiki to come to fruition, noting that commercial fishers still had access. It was noted that Ngāti Manawa and Ngāti Whare would be participating in the catch limit review.

A presentation from MPI was requested for the Forum's next meeting in June. Frustration was raised regarding the consent conditions for provision of tuna through the Matahina Dam. A report from the steering committee, Nova Energy and TrustPower was requested to clarify the interpretation and legality of the Matahina Dam consent conditions, including the trap and transfer process and preferred method over the physical structure.

Resolved

That the Rangitāiki River Forum under its delegated authority:

- 1 Receives the report, Te Hekenga Nui o Te Tuna - status report.**

**Christie/Winters
CARRIED**

7 **General Business**

7.1 **Freshwater Implementation Fund Project**

Refer PowerPoint Presentation Objective ID A2575366

Eastern Catchments Manager Simon Stokes advised the Forum that the Ministry for the Environment had opened its first funding round of a \$100 million Freshwater Improvement Fund aimed at projects that would improve quality and availability of

water bodies in vulnerable catchments. Mr Stokes noted the short timeframe to submit applications, which closed on 13 April. He informed that the Regional Council would be submitting a funding application for \$4 million to undertake a 7-wetland restoration project in the Rangitāiki Catchment. An overview was given of the proposed coverage, comprising restoration of 209 hectares of wetland over a five year period.

Attendance

Councillor Marr left the meeting at 12:55 pm.

Forum members were advised eligibility criteria would be rigorous and challenging and that other funding sources would be explored and utilised. Benefits of the proposal supported the objectives of Te Ara Whānui o Rangitāiki, including kaitiakitanga, Mātauranga Māori and raising rangatahi capacity.

Consensus was gained from the Forum in support of the proposal, which led to the Forum's decision to support the funding application by way of resolution under Minute Item 6.4, Freshwater Futures Update (refer page 4).

7.2 Update from Ngāti Whare

Te Rūnanga o Ngāti Whare Chairman Daryl Christie informed that Te Rūnanga o Ngāti Whare had undergone a review of its operations and advised there would be a change to their Forum membership. Effective as of 31 March, Earl Rewi would become the appointed member and Te Waiti Rangiwhai would be appointed as the alternate.

On behalf of Ngāti Whare, Mr Rewi thanked and acknowledged Mr Christie for his direction and tenure on the Forum. The Forum Chair extended her thanks to Mr Christie also for his contribution and support on the Forum.

8 Closing remarks

Reverend Te Rire acknowledged the Chair and members and the hospitality of Ngāti Whare in hosting the meeting.

9 Closing karakia

The meeting closed with a karakia provided by Reverend Te Rire.

The meeting closed at 1:15 pm.

Minutes of the Regional Transport Committee Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 30 March 2017 commencing at 9.30 a.m.

Present:

Chairman: S Crosby

Deputy Chairman: J Nees

Appointees: Mayor A Bonne (Whakatane District Council), Mayor J Forbes (Opotiki District Council), Mayor M Campbell (Kawerau District Council), Councillor R Curach (Tauranga City Council), Mayor S Chadwick (Rotorua Lakes Council), Councillor D Thwaites (Western Bay of Plenty District Council), P McLean (Central North Island Director, New Zealand Transport Agency)

In Attendance: J Hobbs (Katikati Community Board Chair) and J Price (EnviroKatikati Group). S Meakin (Hunters Group). Bay of Plenty Regional Councillors L Thurston (Alternate), N Bruning, J Cronin, D Love, K Winters and P Thompson (Council), M Macleod (Chief Executive), B Healey (Senior Transport Planner), F McTavish (Group Manager Strategy and Science), G Maloney (Transport Policy Manager). C Cassidy (Tauranga City), J Palmer and J Paterson (Western Bay of Plenty District Council). J McCarthy (NZTA Projects Team), A Talbot (NZTA Acting Planning and Investment Manager BOP). S Cubbon (Committee Advisor)

Apologies: B Crowe (NZ Police). Councillor R Curach (for lateness)

1 Apologies

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Accepts the apology from Inspector Bruce Crowe and (for lateness) from Tauranga City representative, Councillor Rick Curach.

**Crosby/Forbes
CARRIED**

2 General Business and Tabled Items

Resolved

That pursuant to section 46A of the Local Government Official Information and Meetings Act 1987 the following item be considered at this meeting:

Port of Tauranga representation

Committee Chair, Councillor Stuart Crosby sought consideration from members on inviting the Port of Tauranga to nominate a representative to attend future meetings of the Committee as a non-voting member. It was considered important the Committee had useful representation and the Port of Tauranga was a big player in the region's transport and logistics. Members endorsed the proposal, agreeing that this subject should be included in the next meeting agenda. Meantime Port of Tauranga would be contacted so a representative could attend.

3 Public Forum

Jenny Hobbs, Katikati Community Board Chair and Janet Price from EnviroKatikati were in attendance to request that the Regional Transport Committee publicly support the implementation of a by-pass around the town of Katikati as soon as possible. There had been two announcements from the New Zealand Transport Agency (NZTA) in the past and one more recently, but still no by-pass. All development around the town for the previous ten years had been planned for 'when we get the by-pass', traffic volume had increased significantly as had the congestion in the township.

In pointing out that all areas within the region had roading projects they considered in need of urgent attention, members thanked Ms Hobbs and Ms Price for their presentation and invited them to remain and hear the NZTA Regional Relationship Director's report.

4 Declaration of conflicts of interest

There were no conflicts of interest declared.

5 Minutes

5.1 Regional Transport Committee minutes - 16 December 2016

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the Regional Transport Committee minutes - 16 December 2016**

**Chadwick/Nees
CARRIED**

6 Local Government Update

Members were each given the opportunity to share insights from their respective areas.

Mayor Chadwick acknowledged the very good working relationship with the NZTA and highlighted the problem of congestion build up on Te Ngae Road.

Councillor Nees discussed the joint work going on in the development of the Western Bay of Plenty Public Transport Blueprint and acknowledged the efforts of Public Transport Committee Chairman Councillor Thurston towards improving communications around public transportation in Tauranga.

Councillor Crosby advised Tauranga City Council had formed a Transport Committee and were to include himself as Chair of Regional Transport Committee, Councillor Thurston, and a representative of NZTA as non-voting members.

Ōpōtiki Mayor Forbes reported upgrading of the Pekatahi Bridge was ahead of schedule and he emphasised the need to be mindful of the heavy traffic that comes through from Gisborne.

Mayor Campbell applauded the Committee for talking to Port of Tauranga. He noted most of Kawerau's focus involved the Whakatāne to Tauranga highway. There were big things happening in Kawerau and roading would certainly become an issue.

Councillor Thwaites noted the support of Western Bay of Plenty District Council for all projects in the Plan as they feed in to the Western Bay, especially the Tauriko programme. NZTA was acknowledged for the Te Puke work undertaken.

Members were advised by Mayor Bonne that a Whakatāne District Council District bylaw had been temporarily lifted to allow some trucks through Ōhope while the Pekatahi Bridge was being repaired. A temporary fix to traffic issues at the Landing Road Bridge was in place and would need to be addressed. Given future growth in Coastlands, there needed to be long term planning so an alternative route was in place before crisis point was reached. There were plans for a new water bottling plant which, once operational, could generate an extra 200 heavy vehicle movements per day.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the Local Government Update reporting.**

**Nees/Bonne
CARRIED**

7 New Zealand Transport Agency Update

Refer PowerPoint presentation Obj.Ref. A25747

The update on current NZTA national and regional initiatives was presented by Central North Island Director of Regional Relationships, Parekawhia McLean. She noted there were lots of changes happening, with new technologies coming into the transport space. The Agency was engaging with internal staff and a new organisational structure would be in place in July 2017. Meantime the NZTA quarterly report presented members with progress on State highway business cases being advanced in the region.

An announcement had been made regarding the Katikati Bypass on 14 March 2017, but a Funding Plan had yet to be completed. The Agency was currently engaging with stakeholders and the community at open meetings seeking feedback for the wider SH2 Waihi to Tauranga programme, and affected landowners/stakeholders would be contacted separately. Timing would be addressed in the next stage and the community would be kept fully informed.

Senior Transport Planner, Bron Healey provided an explanation of the prioritisation process and Ms McLean advised the draft Investment Assessment Framework currently out for feedback would include changes that ensured improved alignment with the Government Policy Statement. Members stressed the importance of ensuring

corridors were designated. They looked for a long term strategic view, noting the increase in greenhouse gases and asked that environmental impacts be considered.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 **Receives the report, New Zealand Transport Agency Update;**

**Thwaites/Bonne
CARRIED**

8 Submissions on the Government Policy Statement on Land Transport and the Investment Assessment Framework

Refer to PowerPoint presentation Obj.Ref A25790

Committee approval was sought of submissions on the draft Government Policy Statement for Land Transport 2018/19 – 2027/28 and draft Investment Assessment Framework for the 2018-21 National Land Transport Programme. Bron Healey referred to a PowerPoint presentation that summarised the OECD Environmental Performance Reviews relating to New Zealand, and members concurred that environmental issues needed to be reflected in the region's transport policies.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 **Receives the report, Submissions on the Government Policy Statement on Land Transport and the Investment Assessment Framework;**
- 2 **Approves the appended submission with amendments, Bay of Plenty Regional Transport Committee Submission on the Draft Government Policy Statement on Land Transport 2018/19-2027/28; and**
- 3 **Approves the appended submission, Bay of Plenty Regional Transport Committee Submission on the Draft Investment Assessment Framework for the 2018-21 National Land Transport Programme, subject to any amendments arising from the Regional Transport Committee meeting.**

**Crosby/Forbes
CARRIED**

Adjournment

Members adjourned for morning tea at 10.40am and the meeting reconvened at 11.00am.

Attendance

Councillor Curach joined the meeting at 11.00am.

9 Regional Land Transport Plan Annual Report Card 2015/16

Members chose to take this report as read.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the report, Regional Land Transport Plan Annual Report Card 2015/16.**

**Forbes/Curach
CARRIED**

10 Regional Land Transport Plan Implementation Report

Senior Transport Planner Bron Healey introduced the progress report and questions on some of the activities were responded to by staff from Tauranga City Council and NZTA.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the report, Regional Land Transport Plan Implementation Report.**

**Bonne/Thwaites
CARRIED**

11 Regional Land Transport Plan Variations - Maungatapu Median Barrier and SH29 Piarere to Tauranga Detailed Business Case

The report asking that the Committee approve variations to the Regional Land Transport Plan to add Maungatapu Median Barrier and SH29 Piarere to Tauranga Detailed Business Case activities was taken as read.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the report, Regional Land Transport Plan Variations - Maungatapu Median Barrier and SH29 Piarere to Tauranga Detailed Business Case;**
- 2 Approves the addition of the SH29A Maungatapu Median Barrier Extension Safety Improvements activity to the Regional Land Transport Plan;**
- 3 Notes that, in the interests of public safety, the activity was added before being reported to the Regional Transport Committee;**
- 4 Adds the 'SH29 Piarere to Tauranga Detailed Business Case' activity to the Regional Land Transport Plan, to replace the following two activities:**

SH29 Tauriko to Waikato Boundary, NSRRP

Soldiers Road Realignment and Intersection

- 5 Determines that the variations are not significant for the purposes of public consultation.**

**Forbes/Crosby
CARRIED**

12 **Variation to Regional Public Transport Plan contracting units**

The purpose of this report was to consult with the Regional Transport Committee on a significant variation to the Regional Land Transport Plan relating to the contracting of unit structures. The Regional Council was consulting on a variation that would allow for bus services in Tauranga and Te Puke to be tendered for in two units based on geographical location and which would combine regional, school and urban services in each. These services were currently contracted under three school units, a single urban unit and a single regional unit.

Under the proposed variation an additional unit would also be included that would allow future deployment of new vehicle types or innovative services (driverless vehicles, electric vehicles, rail, etc).

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the report, Variation to Regional Public Transport Plan and public transport contracting units;**
- 2 Supports the Regional Council Public Transport Committee's position on the proposed Regional Public Transport Plan variation.**

**Forbes/Curach
CARRIED**

The meeting closed at 11.23am.

Joint Committee Minutes

**Minutes of Meeting No. SG17/2 of the SmartGrowth Leadership Group held on
15 February 2017 in the Council Chamber, Cameron Road, Western Bay of
Plenty District Council, commencing at 9.00am**

Present

Independent Chairperson

W Wasley

Bay of Plenty Regional Council

Chairman: D Leeder

Councillors: J Nees, P Thompson, S Crosby

Tauranga City Council

Mayor: G Brownless

Councillors: L Baldock, L Brown, T Molloy

Western Bay of Plenty District Council

Mayor: G Webber

Councillors: M Williams, D Thwaites, J Scrimgeour

Tangata Whenua Representatives

M Tapsell, P Ihaka

NZ Transport Agency

P McLean

In Attendance

SmartGrowth

B Walsh, Implementation Manager

K Tremaine – Strategic Advisor

K Summerhays – Consultant, People and Place

S Rolleston - Tu Pakari Advisor

B Fraser – Strategic Communications Consultant

V Jones – SmartGrowth Administrator

Bay of Plenty Regional Council

M McLeod – Chief Executive

F McTavish – General Manager - Strategy

Tauranga City Council

M Tucker – Manager – City Planning and Growth

Western Bay of Plenty District Council

M Taris – Chief Executive Officer

R Davey - Group Manager Policy, Planning & Regulatory Services

Apologies

B Mikaere

SG17/2.1

CHAIR'S WELCOME

Chairperson Bill Wasley welcomed the committee to 2017 and gave an overview of the meeting. Bill welcomed Terry Molloy back to the committee and Parekawhia McLean (regional director) from NZTA.

SG17/2.2

APOLOGIES

Moved Mayor Webber Seconded Cr Williams

That it be Resolved

Receive the apology from Buddy Mikaere.

CARRIED

SG17/2.3

DECLARATION OF CONFLICTS OF INTEREST

No declarations of conflicts of interest.

SG17/2.4

PUBLIC FORUM

The Chair welcomed Jo Gravit to present in the public forum as requested.

Jo commended the SmartGrowth Leadership Group and elected members on addressing the lack of western Bay of Plenty research on local community concerns – for example the papers provided today on recognising diverse but often unheard voices, and considering housing solutions such as co-housing options.

With regard to the keys roles identified for the SmartGrowth Leadership Group – spatial planning, advocacy and future thinking, Jo suggested this is a good time for the SmartGrowth Leadership Group to think about how they are leading in the western Bay of Plenty.

She reminded the committee of the significant housing issue in the western Bay of Plenty. While the focus is often on forecast growth – the challenge for the committee is how does that translate into stronger advocacy? Explaining the effectiveness of a united voice for successfully providing a sub-regional view to central government, Jo referred the committee to the actions on SmartGrowth Strategy 2013 page 79 – purple highlights the urgency. Jo urged the committee to take urgent steps and incorporate other identified support agencies in exerting a unified voice to central government and directly to local MPs. It was vital to state strongly the critical local housing needs and request direct capital investment in the Bay of Plenty as well as in Auckland.

Jo concluded her presentation. The Chair thanked Jo and asked if there were any questions.

Questions from Senior Leadership Group

Cr Molloy noted in regards to affordable housing that people talk a lot about the new builds. He noted the subdivision at Athenree where they have moved second-hand homes onto the land, which provides quality houses for some of the community. The question is - are we just looking at the new builds rather than other options available.

Jo said we are looking for someone to lead and noted there are solutions. The only difficulty is finance. It may not be local government's role to build the houses but it is to find solutions and affordable land.

Cr Thompson raised the government's proposal for Urban Development Authorities and asked when Tauranga City Council would be considering this matter. Tauranga City Council manager Michael Tucker advised that the information would be taken to its next City Transformation committee meeting. Cr Thompson noted every council should be agreeing a position on this proposal.

Puhirake said affordable housing was a major issue for Maori and the region needed more realistic measures to get Maoris into homes. A lower percentage of Maoris owned their own homes, and the affordable housing situation is getting further away.

The Chair thanked Jo for her presentation.

Sustainable Business Network (SBN) – Smart Transport for the Western Bay – public forum presentation by Glen Crowther

The chair welcome Glen Crowther from SBN to present on smart transport for the western Bay of Plenty in the public forum part of the meeting.

Glen outlined SBN's Smart Transport Projects including:

- BikeNow
- Biofuels
- Electric vehicles

Glen acknowledged Jo Wills for doing a lot of work in the area of electric vehicles. The BikeNow project is a co-ordinated advocacy body, working together with the other Western Bay transport advocacy groups.

Issues to be addressed:

Concerns around the shifts in public transport use and how do we turn that around. Congestion is another big area of concern. Glen said that to bring about a difference in travel behaviour and congestion, we need to change what we are doing. "We are not reducing our emissions. We need to develop and implement ambitious actions plans that reduce greenhouse gas emissions. "

He outlined a number of issues as SBN saw it, namely

- Failing to meet 4-6 of the 7 Regional Land Transport Plan objectives.
- Need to try harder and plan smarter.
- Need for a much clearer, bolder, unified vision and much better community engagement.
- BikeNow recommended an integrated community engagement process.

“Open communication is really important in good community engagement,” he said.

Need to address the key issues directly

- No silver bullets, but good solutions to implement now.
- Design for 8 and 80 year olds
- Active transport – more safe cycleways
- Better public transport - on time, sensible routes
- Ridesharing – lots of new apps – promote these
- Car sharing – young people not into owning
- Electric vehicles – e bikes, e buses, leadership
- Biodiesel – diesel is half of region’s fuel use

Closing thoughts from Glen included – Be open and honest with local communities. Find out what the issues are, what people think before decisions are made, acknowledging the problems.

He said BikeNow would like to look at leading a collaborative transport event in the next year to see what the public are thinking about, involve people from throughout the sub region. Focus on solutions for this region.

Chair opened the floor for questions:

Cr Nees - Questioned how would the transport event be funded. It was noted that a partnership with AUT sponsored the event in Auckland. User pays to some extent in Auckland too.

Cr Thwaites – Noted we need to start identifying key cycle routes to get some real wins under our belts, Glen responded that community engagement is key, figuring out the direction we want to go in and some of the ideas worth considering. Has everyone else in the community had their input? Making progress with cycleways but need to work on safer cycleways. Need to look at specific ideas.

Cr Baldock –Thanked Glen for presentation and supported the public consultation approach he outlined. We need to ask people what would get them to change their travel habits. Spark network can track where the cars travel, park.

Glen responded - Buses in Auckland have 5G tracking sources which enables review of how late buses are and why. This can be worked on going forward.

The bus drivers used the technology; he agreed on the need to get people out of cars and onto buses.

Cr Williams – Mentioned capital costs of transport investments. Have these been reviewed for cycleways? Suggested being smart about the routes and look at cost-effective solutions.

No further questions The Chair thanked Glen and his BikeNow group for the presentation.

SG17/2.5

PARTNER FORUM CHAIR'S SESSION**STRATEGIC PARTNERS FORUM AND POPULATION AGEING TECHNICAL ADVISORY GROUP (PATAG) – Anne Pankhurst presentation**

Anne thanked the SmartGrowth Leadership Group for letting her present and explained that she would be speaking with two hats – one on behalf of the Strategic Partners Forum and one as chair of PATAG.

On behalf of the **Strategic Partners Forum**, she was making some comments and wanting to convey feedback on the SmartGrowth briefing to the incoming leadership group, discussed at its December 2016 meeting.

She said there was general strong agreement on the briefing. However, some issues were not given enough emphasis and needed a higher profile in the briefing in their opinion.

The briefing needed greater emphasis in terms of some key strategic challenges and issues notably:

- Education of young people
- Connection between country and city
- People focus

“We need to always keep the focus on people – it’s about building communities – not just providing housing and land. It is about what amenity we provide for our people, and our communities – and how we build new communities, but also work with our current communities as we grow, change. SmartGrowth 2013 Strategy put the emphasis strongly on social infrastructure and people – and this needs more emphasis. Need to keep that strong,” she said.

- Future thinking - is very important – but it is not just about dollars for infrastructure.
- Environmental sustainability

PATAG – Anne thanked SmartGrowth for the Paul Spoonley ‘Smart Talk’ event. She said it was well done.

On behalf of PATAG, she said she wanted to speak to the ‘Life When Renting in the Bay’ social research paper that was on their agenda for the meeting. This was the next big issue for housing affordability – rental accommodation.

“If we can’t buy homes, we need to afford to be able to rent, or homelessness will increase,” she said. The current Ageing Well National Science Challenge taking place was looking at 11 ways to solve social issues by science.

Less people are owning houses, More of the Maori population will not be able to afford to buy. The only option will be to rent, No security around tenure, and NZ does not have option to live in rental accommodation for life.

The work undertaken with the support of PATAG as part of this National Science Challenge and the Bay of Plenty case study on renting was important.

‘Smart Talk’ presenter Paul Spoonley suggested a good idea around demographic planning, where retirement homes are co-located with childcare facilities. There is also co-housing where common spaces are shared amongst each other.

The Ageing Well Science Challenge researchers are planning the Tauranga Regional Mid-term Summit. It will be held on Tuesday 30 May 2017 at the Mt Maunganui Club; PriorityOne is sponsoring the cost of the venue. Dr Rob Wiener, one of the Life When Renting’s expert advisors, is confirmed as guest speaker. All interested people are welcome to attend.

On conclusion, the Chair thanked Anne and opened the floor for questions:

Cr Crosby – In July last year the forums presented to SmartGrowth, in May this year further discussion will follow on the SmartGrowth response to that, decisions and actions expected in July. Cr Crosby questioned Anne if she is happy with that timeframe. Anne said, no, there is an urgent need to get on and get stuff done.

Cr Nees – Noted there is a lot changing and especially since the presentation last July. Cr Nees questioned if there were any further themes that the forum would like raised. Anne noted rather than adding to what we currently have, she would rather prioritise current issues.

The Chair thanked Anne for her presentation.

SG17/2.6

CHANGE TO ORDER OF BUSINESS

No changes to the order of business

SG17/2.7

CONFIRMATION OF MINUTES – SMARTGROWTH IMPLEMENTATION COMMITTEE (SG16/12) – DATED 14 December 2016

The Committee considered the minutes of the SmartGrowth Implementation Committee (SG16/12) dated 14 December 2016 as circulated with the agenda.

Moved Cr Williams seconded Mayor Webber

That it be Resolved

Confirm the minutes of the SmartGrowth Implementation Committee (SG16/12) dated 14 December 2016 as a true and correct record.

CARRIED

SG17/2.8

TRANSPORT PRESENTATIONS TAURANGA PROGRAMME BUSINESS CASE AND PUBLIC TRANSPORT BLUEPRINT

Fiona McTavish introduced:

Clare Cassidy (Transport Manager) Tauranga City Council

Joe Metcalfe (Bay of Plenty Regional Council)

Garry Maloney and Ian Herbert were apologies and not able to attend.

Clare gave an overview of the partners' responsibilities and discussed the range of projects that are currently underway. She explained how the projects fit together in the network for the long-term plan. Programmes to consider integrated land use and transport futures. The aim was to share the shortlist with the public and recommend an option by end of the year.

Joe discussed the process for the Western Bay public transport blueprint. Blueprint supports transport investment aligned to SmartGrowth spatial plan.

Next steps: February/March partner approval of programme business case, April – public engagement on draft network.

The Chair thanked Fiona, Clare and Joe for the presentation and opened for questions.

Cr Baldock – concerned around Tauranga city corridor. Has there been survey completed for this area around their needs?

Clare responded that officers have information from census and travel surveys from all over the city that supports what they are doing.

Cr Williams – underlying problem is too many people driving into city at same time during peak periods. If we going to choke up city within these two periods what are we going to do to change travel habits?

Clare noted 1.8 million passengers per year using public transport. Supporting children to get to school, using the bay hopper, public transport to school.

Cr Molloy noted it will be hard to get people onto the buses. In school holidays, the problems are not so severe. Fiona responded that councils are looking at a fare strategy in the city and continually revising the bus network.

Clare responded saying it is important to work with the schools around active transport.

Cr Nees noted when the councils go out to the public with their consultation on transport matters, they need to give the holistic message and strategy. The story needs to help people understand the picture of how all the different business cases, strategies and plans fit together.

Fiona noted Ian Herbert is leading the project on community engagement and they are looking at how to do this well.

The Chair asked Fiona if she needed any resolutions from the committee or was this an information-only presentation.

Fiona said she wanted to explain how the transport work supported the SmartGrowth spatial plan and settlement pattern.

Cr Baldock expressed his concern around the public involvement in achieving transport objectives. He said it is the hardest thing to get drivers out of the car and applauded the initiative for improving public transport. However, we need to manage risks and ensure we achieve what we are setting out to do – changing travel behaviour.

The Chair recommended that the committee receive the transport presentation.

Moved Cr Nees/ seconded by Mayor Webber

That it be Resolved

Receive the transport information presentation.

CARRIED

SG17/2.9

SMARTGROWTH LEADERSHIP – SETTING OUT A STRATEGIC APPROACH TO ENGAGEMENT, COMMUNICATION AND EVENTS

SmartGrowth Implementation Manager Bernie Walsh introduced Bruce Fraser, SmartGrowth's strategic communications consultant. She referred the committee to the SmartGrowth engagement paper in the agenda and gave a brief overview of strategic engagement, communication and events. Bernie explained the SmartGrowth engagement pyramid. She said the aim was to have good and efficient decision-making, grounded, in strong partnerships, community engagement and communications.

How we run our SmartGrowth events is important. It is about exciting our community and ensuring they understand the 'why' of our work, and what is affecting them. They need to start to understand the trends and the evidence-base that SmartGrowth is responding to in its work. The events, website, newsletter and social engagement are good ways to do this. These are other partners with us and we need to engage and consult in a deeper dialogue with the partners including the forums through joint workshops, huis and various community events.

'Smart Talk, Future thinking' events – This recommendation to start these events came from the SmartGrowth Implementation Committee in August 2016 and was approved by all partner councils in September 2016 and is now under implementation.

Bruce outlined SmartGrowth's communications activities aimed at adding value to people through the provision of information. SmartGrowth has electronic newsletters, events, website and social media. Bruce noted SmartGrowth is on Twitter, LinkedIn and Facebook. He said the committee could support SmartGrowth by using social media platforms and reposting, forwarding the monthly newsletters to others, attending events and providing feedback.

Bernie gave overview of how all the engagement and communications work was about building knowledge and understanding. It is about involving as many people as possible in layers of conversations that SmartGrowth has on a range of topics across the four social, economic, environmental and cultural topics. Bruce and Bernie are linked with the Auckland Conversations events.

Bernie talked about the focus of the SmartGrowth spatial plan through its six interest areas including the objective of strengthening visionary leadership and collaboration. Good engagement and communications can help with that goal.

Questions and discussion followed

A key point raised in discussion was how to capture and address issues and priorities coming out of SmartTalk events including key messages, themes and focus areas for work.

Bernie advised that messages and presentations will be shared through the newsletter, the website and social media. SmartGrowth manager groups and all those attending the events would be thinking about how to use the knowledge and discussion at the events in their own work, businesses and community forums. A summary of each event could also be produced.

Mayor Webber noted he would like to see the next 'Smart Talk. Future Thinking' event focussed on the future of our economy and what will it look like in next 20-30 years' time. He suggested getting the big players in the industry to let us know where they are going in next 20-30 years' time. Where is the economy going?

Moved by Mayor Webber/ seconded by Cr Crosby

That it be Resolved

Note the outline of a Smart Talk events schedule and the SmartGrowth engagement approach currently under implementation in line with the August/September 2016 resolutions of the SmartGrowth Partnership.

CARRIED

11:19am The meeting **adjourned** for morning tea.

11:35am The meeting **reconvened.**

SG17/2.10

SMARTGROWTH LEADERSHIP – STRATEGIC FUTURES – CLARIFYING STRATEGIC PURPOSE AND ASSOCIATED BUSINESS COMMITTEE MEMBERSHIP, ALTERNATES MAYORS/CHAIRS

The Chair noted that decisions on committee membership and alternates were left to lie on the table at the last meeting. A few amendments have subsequently been made to the report based on feedback from December meeting. The Chair referred the committee to page 23, recommendation 3 in

the report and suggested one alternate from each partner council. Discussion followed.

Regional Council committee members supported the 'one named alternate' that can stand in for any of their representatives.

Bill noted there would be a clear obligation from the alternates to step in and keep up with what is happening.

Puhirake raised the question of if we are allowing alternates filling in for Mayor/Chairs and council representatives then we should allow Tangata Whenua to have a named alternate too.

Tauranga City Council committee members suggested the words "elected representatives" be put in for the District Health Board in recommendation.

Cr Williams asked about involving the education sector. It would be beneficial for the Ministry of Education to be involved, even if in observer status. The Chair noted the ministry have been engaged in other ways.

Chair Leeder noted the health board is elected on a regional basis. NZTA has a senior manager, rather than a board member around the SmartGrowth table.

The Chair noted he is happy to go back to health board and have conversation about their representation and how they would like to take that forward.

Alternates for Mayors/Chair

After discussion, it was recommended that the SmartGrowth Leadership Group's Terms of Reference are amended to allow a named alternate representative for each partner council and for Tangata Whenua. These alternate representatives should be allowed to stand in with full voting rights at a SmartGrowth Leadership Group meeting or workshop. When standing in for a representative, the alternate would have voting rights and be able to participate fully in the meeting.

There are specific legislative requirements in respect of the establishment and operation of joint committees. Hence there is a need to not only change the terms of reference, but to amend the Clause 30A, Schedule 7 (Local Government Act 2002) agreement, which provides for the joint committee between the council partners.

Moved Mayor Webber / Seconded Cr Williams

That it be Resolved

That the SmartGrowth Implementation Committee

1. **Agree** the key roles and responsibilities and work programme priorities for the SmartGrowth Leadership Group as set out in this Strategic Futures report in the agenda and the SmartGrowth Briefing (received in December 2016), namely
 - Future thinking – including leading community conversations/events across the western Bay of Plenty around long term future planning issues

- Co-ordinating sub-regional spatial planning including urban form/settlement and natural resource management relating to that, transport and co-ordinating National Policy Statement (NPS) compliance
 - Advocacy – united voice for western Bay of Plenty
 - SmartGrowth strategy implementation and alignment monitoring
2. **Agree** that a representative of the Bay of Plenty District Health Board, nominated by the board, is invited onto the SmartGrowth Leadership Group as an implementation partner (co-opted member), on the same non-voting, speaking rights basis as the NZ Transport Agency; and that this arrangement be reviewed by the parties after it has been implemented for a year i.e. in February 2018.
 3. **Agree** that the Terms of Reference, and the Clause 30A Schedule 7 (LGA 2002) agreement, are amended to include provision for a Bay of Plenty District Health Board representative and alternates for Mayors and Regional Chair, elected members and Tangata Whenua members being one alternate per Council and Tangata Whenua; and that the Independent Chair be authorised to provide an amended terms of reference and clause 30 schedule 7 agreement to the partner councils for adoption in accord with the above mentioned amendments.

CARRIED

SG17/2.11

SMARTGROWTH FORUMS: POSITION PAPER RESPONSE UPDATE

Bernie noted the SmartGrowth position papers have had a great response from the partner councils in terms of each council completing the response spreadsheets on 10 themes. These have now been summarised into 10 themed papers for further discussion.

Discussions are taking place with the SmartGrowth Strategic (Managers) Group who will then give guidance around the next steps on how to discuss the response with their councils before a joint Forums Hui.

It will be a significant piece of work for SmartGrowth and will help with long term planning and feed into long-term council planning processes.

Bernie explained this had been a robust and comprehensive process. The forums have been very understanding of the length of time taken to complete a response process, given a local government election in the meantime.

Cr Thompson applauded the work completed, and noted with appreciation the work of the forums.

The Chair noted engagement research is currently taking place in respect of the forums – Do they feel valued? Have they got the right membership? Are the terms of reference right? Is engagement working both ways? Are there

membership gaps? This research work had been discussed with the forum chairs and was about to get underway.

Moved Cr Thompson/ seconded by Cr Nees

That it be Resolved

Receive the position paper response update.

CARRIED

SG17/2.12

SETTLEMENT PATTERN REVIEW IMPLEMENTATION AND NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY PROJECT PLANS

Ken gave overview of the focus for the next 10 years confirming four key growth areas across the sub region.

- Compact City
- Keenan Road
- Te Tumu
- Tauriko West

Given current consumption rates, we need to undertake as soon as possible a strategic analysis of the future settlement pattern possibilities for years 10-30 across the sub-region. Background work has been completed. Compact city remains central to all of this but is a longer term journey.

Ken noted the settlement pattern review is a priority action in the SmartGrowth strategy. Ken noted the alignment with the strategy, talked to the roles, critical components of the work and project risks.

One key risk yet to be fully addressed, which requires leadership group input is the whole area of future funding to support the settlement pattern implementation over the next 30 years.

Current funding tools are creaking in this space. The National Policy Statement is about showing feasible development capacity over and above projected demand. Tauranga City, along with Auckland and parts of the Waikato, have registered an interest in the Housing Infrastructure Fund. Detailed bids have yet to be submitted. SmartGrowth has been asked to support Tauranga City Council's application.

Opened for discussion and questions:

Cr Thompson noted concern regarding resourcing and would like staff to come back with information. Ken noted there is a lot to do in a short timeframe. He will work this through with chief executives and will come back to the committee.

Mayor Webber noted the need to put together a 30 year plan.

Cr Scrimgeour highlighted concerns around resourcing. Te Temu confirmed area and boundaries. Keenan Road has been pushed down the list. What considerations are taking place for future prospects beyond this?

Ken noted there is a technical team working on stormwater modelling for the whole catchment in the Keenan Road area. How much, what is the run off and how do we treat it. The land needs to be development feasible; some great challenges ahead.

Cr Crosby noted that in the SmartGrowth response to the National Policy Statement work, it needs to be clear what is outside council control – for example where cannot provide the infrastructure or other things needed to enable development.

Cr Baldock agreed with Cr Crosby comments.

Cr Thwaites left the meeting 12:26pm.

Moved Cr Thompson / Seconded Cr Nees

That it be Resolved

That the SmartGrowth Leadership Group:

1. **Note** that SmartGrowth will be overseeing and facilitating the Settlement Pattern Review and National Policy Statement on Urban Development Capacity implementation projects.
2. **Note** the risks and the proposed mitigation.
3. **Note** the progress made to date on these projects.
4. **Undertake** some further thinking in respect of longer term funding options to implement the settlement pattern and to have a subsequent committee discussion on the matter.
5. **Delegate authority** to the Mayors, Regional Chair and Independent Chair to consider and respond back to Tauranga City Council in respect of the Tauranga City Council request for SmartGrowth partnership to support its application to the Housing Infrastructure Fund.
6. **Report back** on the resourcing required to undertake the National Policy Statement for Urban Development Capacity and Settlement Pattern Review and report back to the SmartGrowth Leadership Group in due course

CARRIED

SG17/2.13

SOCIAL RESEARCH OVERVIEW

Consultant Karen Summerhays spoke to the SmartGrowth Social Research Report 2016 on the agenda. She said the purpose of the report was to provide an overview of the social research commissioned by SmartGrowth in 2016. Karen Summerhays noted the Ageing Well National Science Challenge summit in May and encouraged the committee to attend.

Cr Nees left meeting at 12:40pm.

Puhirake noted the 'Giving Voices' research. He requested Karen follow up in regards to Urban Mataawaka (Māori residents who are not Mana Whenua), and provide information back to the Tangata Whenua forum.

Moved by Puhirake Ihaka, seconded Cr Thompson

That it be Resolved

Receive the SmartGrowth social research report.

CARRIED

SG17/2.14

PLAN CHANGE 25 – SMARTGROWTH SUBMISSION – RETROSPECTIVE APPROVAL

Moved Mayor Webber / Seconded Cr Williams

That it be Resolved

That the SmartGrowth Leadership Group:

1. **Confirm** the scope of the original and further SmartGrowth submissions on Proposed Plan Change 25 to the Tauranga City Plan.
2. **Approve retrospectively**, the SmartGrowth Submission on Proposed Plan Change 25 to the Tauranga City Plan attached as Appendix 1.
3. **Approve retrospectively**, the SmartGrowth Further Submission on Proposed Plan Change 25 to the Tauranga City Plan attached as Appendix 2.

CARRIED

The meeting concluded at 12.46p.m.

Confirmed as a true and correct record

W Wasley
Independent Chairperson

Date

DRAFT

Minutes of the Ōhiwa Harbour Implementation Forum Meeting held at Kutarere Marae, State Highway 2, Kutarere on Monday, 13 March 2017 commencing at 9.30 a.m.

Present:

Appointees: Councillor A Iles (Whakatāne District Council), Councillor T Marr (Bay of Plenty Regional Council), Councillor L Riesterer (Ōpōtiki District Council), G Tuari-Kohunui (Whakatōhea Māori Trust Board), R Kora (Te Waimana Kaaku (Ngai Tuhoe), T Ransfield (Te Upokorehe), C Bluett (Te Rūnanga o Ngāti Awa)

In Attendance: M Manuel (Alternate, Te Upokorehe), Councillor N Tánczos (Alternate, Whakatāne District Council), Councillor W Clark (Alternate, Bay of Plenty Regional Council), T O'Brien (Deputy Chairman, Te Rūnanga o Ngati Awa), Chairman Leeder (Bay of Plenty Regional Council), S Stokes (Eastern Catchments Manager), T Senior (Land Management Officer), M Houghton (Ōpōtiki District Council), M Jones (Department of Conservation), M Naude, A Kranenburg (Whakatāne District Council), J Rae, K Simpson (Safe Roads), B Pukepuke (Kutarere Marae), R Wikotu (Rongopapai), S Kameta (Committee Advisor)

Apologies: Nil

1 Mihi Whakatau

A mihi whakatau (welcome) took place at 9:30 am before the meeting.

2 Opening Karakia

An opening karakia was provided by kaumātua Bruce Pukepuke.

3 Commencement of meeting

Eastern Catchments Manager Simon Stokes declared the meeting opened at 10:15 am and welcomed members and attendees to the first Forum meeting of the Triennium. A round of introductions by members and staff present followed.

4 First Meeting Matters

4.1 Election of Chairperson and Deputy Chairperson

Eastern Catchments Manager Simon Stokes informed the Forum of first meeting matters and called for the Forum to adopt a voting system for the election of a new Chairperson and Deputy Chairperson.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 **Receives the report, First Meeting Matters.**
- 2 **Selects System B as the voting system to elect the Chairperson and Deputy Chairperson.**
- 3 **Agrees that in the event of a tie between the highest polling candidates, the names of the candidates receiving an equal number of votes be put into a container and the candidate drawn out, by an independent person (such as the Committee Advisor), is deemed to be elected.**

**Iles/Kora
CARRIED**

4.1.1 **Nominations for Chairperson**

Mr Stokes called for nominations for the position of Chairperson.

- 1) Trevor Ransfield nominated Councillor Tiipene Marr and Rachel Kora seconded the nomination.

As no further nominations were received, Mr Stokes announced nominations were closed. Councillor Marr made a brief speech in support of his nomination.

Mr Stokes asked for a show of hands from voting members for Councillor Marr's nomination, which received unanimous support.

Mr Stokes declared Councillor Tiipene Marr duly elected as the Forum's Chairman.

Councillor Marr assumed the Chair.

4.1.2 **Nominations for Deputy Chairperson**

Councillor Marr called for nominations for the position of Deputy Chairperson.

- 1) Councillor Lyn Riesterer nominated Trevor Ransfield and Councillor Andrew Iles seconded the nomination.
- 2) Trevor Ransfield nominated Councillor Lyn Riesterer and Gaylene Tuari-Kohunui seconded the nomination.

As no further nominations were received, Councillor Marr announced nominations were closed.

Mr Ransfield advised he wished to withdraw his nomination and spoke in support of Councillor Lyn Riesterer's nomination and the experience she would bring to the position. Members acknowledged Mr Ransfield's request and respectfully accepted his withdrawal.

Councillor Marr asked for a show of hands from voting members for Councillor Riesterer's nomination, which received unanimous support.

Councillor Marr declared Councillor Riesterer duly elected as the Deputy Chairperson.

4.1.3 Matters remaining

Mr Stokes provided a summary of remaining matters reported. Members were informed that the appointment of Te Rūnanga o Ngāti Awa Deputy Chairman Mr Tuwhakairiora O'Brien, as an alternate member would be sought at a future meeting of the Board.

Members were encouraged to attend the Combined Ōhiwa Harbour Strategy Coordination Group (OHSCG) workshop and field trip that were scheduled on 23 May and 23 November. The importance of getting together with OHSCG and understanding work being done at the operational level was raised.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 4 Elects Councillor Tiipene Marr as the Chairperson for the 2016-2019 Triennium.**

**Ransfield/Kora
CARRIED**

- 5 Elects Councillor Lyn Riesterer as the Deputy Chairperson for the 2016-2019 Triennium.**

**Ransfield/Kohunui
CARRIED**

- 6 Notes The Forum's Terms of Reference, attached as Appendix 1 to the report.**

- 7 Notes the Standing Orders to be used for the conduct of its meetings, attached as Appendix 2, as adopted by the administering authority (Bay of Plenty Regional Council) on 15 November 2016.**

- 8 Confirms its membership:**

- Bay of Plenty Regional Council; Councillor Tiipene Marr and Councillor Bill Clark (alternate)
- Ōpōtiki District Council; Councillor Lyn Riesterer and Councillor Ken Young (alternate)
- Te Rūnanga o Ngāti Awa; Charlie Bluett
- Te Upokorehe; Trevor Ransfield and Maui Manuel (alternate)
- Te Waimana Kaaku; Rachel Kora and Kero Te Pou (alternate)
- Whakatāne District Council; Councillor Andrew Iles and Councillor Nándor Tánczos (alternate)
- Whakatōhea Māori Trust Board; Gaylene Tuari-Kohunui

- 9 Confirms the following 2017 meeting and workshop dates:**

- 23 May 2017 – Combined Ōhiwa Harbour Strategy Coordination Group (OHSCG) Workshop

- 12 September 2017 – Ōhiwa Harbour Implementation Forum hui
- 23 November 2017 – Combined OHSCG Field Trip

Iles/Riesterer
CARRIED

5 General Business and Tabled Items

The following item was raised for discussion under general business:

- 1) Toi Te Ora Public Health Warnings and Status of Water Quality at Waiōtahe

6 Declaration of conflicts of interest

No conflicts of interest were declared.

7 Previous minutes

7.1 Ōhiwa Harbour Implementation Forum minutes - 12 September 2016

Matters Arising

Minute Item 4.4, Findings of Green Lipped Mussel sub-tidal sampling surveys in Ōhiwa Harbour 2016 (page 14 of the agenda) – An update on potential Regional Council funding of actions was requested. Eastern Catchments Manager Simon Stokes advised that funding had been found within existing programme budgets and that future opportunities of funding would be investigated through the 2017/18 financial year. A further area of funding was reported later in the agenda, as part of item 8.3 'Restoration of Shellfish Populations and Seastar Management in Ōhiwa Harbour'.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Confirms the minutes of the Ōhiwa Harbour Implementation Forum meeting held 12 September 2016.

Iles/Marr
CARRIED

8 Reports

8.1 Road safety improvements, Ohope to Opotiki

Refer PowerPoint Presentation Objective ID A2570779.

Safe Roads Project Team members Justin Rae and Kirsten Simpson were in attendance to present an update on road safety issues and potential safety upgrades associated with Wainui Road and State Highway 2 between Ōhope and Ōpōtiki.

Ms Simpson advised of key safety issues, community engagement and feedback being undertaken, investigation into a range of options to make the road safer and possible timelines for ongoing community engagement, design development and build.

Clarification was provided on cost and feasibility of options. Members asked the Safe Roads Team to consider seeking feedback from tourists via tourist operators, installing speed cameras and more double lines on corners, appropriate landscape options within the design build and for the Safe Roads team to work with the Ōhiwa Harbour Strategy Coordination Group on wider aspects.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the presentation by the New Zealand Transport Agency Safe Roads Team.**

**Iles/Ransfield
CARRIED**

8.2 Ōhiwa Harbour Catchment Work Programme

Refer PowerPoint Presentation Objective ID A2570780.

The report was provided by Land Management Officer Tim Senior and updated the Forum on the progress of the Ōhiwa Harbour Catchment Work Programme 2016-2017 and sought endorsement of the Ōhiwa Harbour Catchment Work Programme 2017-2018.

Mr Senior highlighted key points from the report, including improved numbers in bitterns and fernbird surveyed, continuation of extensive pest control at a number of sites, notable reduction in vehicles on pipi beds following the installation of vehicle signage and redevelopment of Ōhope Wharf, scheduled to be completed by the end of the year. Regarding mangrove removal, he advised that community involvement had been erratic and that alternative options were being explored. Investigations were also progressing to utilise Council's hovercraft.

Comment was raised on the challenges of prosecution under the vehicle bylaw. It was noted that the Regional Council and Whakatāne District Council had a combined pest control strategy in the Ōhope Reserves with the Department of Conservation, which was generously supported by Te Rūnanga o Ngāti Awa.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the report, Ōhiwa Harbour Catchment Work Programme.**
- 2 Endorse the Ōhiwa Harbour Catchment Work Programme 2017-2018.**

**Riesterer/Kora
CARRIED**

8.3 **Restoration of Shellfish Populations and Seastar Management in Ōhiwa Harbour**

Refer PowerPoint Presentation Objective ID A2564461

The report provided an overview of phase two of the mussel management action plan (MMAP) and sought endorsement on a set of proposed actions for shellfish restoration and development of best practice seastar management in Ōhiwa Harbour.

In Dr Kura Paul-Burke's absence, Land Management Officer Tim Senior provided background on the 2016 findings, recommendations and consultation undertaken that had informed the proposed actions.

Comment was raised on the need for further science, which would take time and funding. An opportunity for a science marine research post-graduate study was raised for consideration. It was noted that Dr Paul-Burke was investigating establishing a science project with Auckland University and that the proposal submitted to the Ministry of Business of Innovation and Employment would provide an opportunity to collaborate on science monitoring. Members were informed that overseas and existing research had been compiled and documented and could be provided to members on request.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the report, Restoration of Shellfish Populations and Seastar Management in Ōhiwa Harbour.**
- 2 Endorses the proposed actions, outlined in section 4 of the report.**

**Bluett/Marr
CARRIED**

8.4 **Onekawa Te Mawhai Regional Park Update**

Refer PowerPoint Presentation Objective ID A2564307

Land Management Officer Tim Senior provided the report that updated the Forum on activity within Onekawa Te Mawhai Regional Park. Mr Senior highlighted the recent expansion to the park, improvements made to visitor facilities, ongoing re-vegetation work and future work planned within the park.

Comment was raised regarding a potential tenancy opportunity of one of the residential dwellings within the park, which was noted accordingly by staff.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the report, Onekawa Te Mawhai Regional Park Update.**

**Riesterer/Kohunui
CARRIED**

8.5 Nga Haerenga Cycle Trails - Great Ride Extensions

Ōpōtiki District Council Community Facilities Manager Mike Houghton and Whakatāne District Council Manager Open Spaces Mike Naude presented the report that sought in-principle support for the proposal to extend the Mōtū Trails Cycle Trail from Ōpōtiki to the Whakatāne Airport, with part of the proposed route to pass through the Ōhiwa Harbour environment. Background was provided on the proposal, which had received preliminary support from the Ministry for Business, Innovation & Employment (MBIE) for funding as part of their New Zealand Cycle Trail's (NZCT) Extension and Enhancement project.

Members were informed that a second revised proposal was lodged with NZCT the previous week. It was explained that the proposed route would involve a 17 km (off road) trail west of Ōpōtiki to the Ōhiwa Loop Road boat ramp; crossing Ōhope Harbour by ferry to Port Ōhope Wharf; to link with the (yet to be constructed) Ōhope Harbourside Trail. Mr Houghton and Mr Naude acknowledged the proposal was ambitious, would have some challenges and require a number of resource consents. If the proposal was accepted to proceed to the next stage, a feasibility study would be carried out to assess its viability and funding from MBIE.

It was clarified that maintenance of the trail would rest with the relevant district council. A Governance group comprised of the district councils, Iwi and Mōtū Trails Charitable Trust would be responsible for marketing.

While disappointment was expressed that the maps describing the proposal were not available, in-principle support was shown for the proposal.

MOTION

Moved: Councillor Iles

Second: Councillor Riesterer

Supports in principle, the proposal to extend the Mōtū Trail journey to the Whakatāne Airport where it passes through the Ōhiwa Harbour environment.

A **SHOW OF HANDS** was requested and recorded as follows:

For the Motion	5
Against the Motion	2

The MOTION was **CARRIED**.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the report, Nga Haerenga Cycle Trails - Great Ride Extensions.**
- 2 Supports in principle, the proposal to extend the Mōtū Trail journey to the Whakatāne Airport where it passes through the Ōhiwa Harbour environment.**

**Iles/Riesterer
CARRIED**

8.6 Bay of Plenty Regional Navigation Safety Bylaw 2017

Refer PowerPoint Presentation Objective ID A2564194

The report was presented by Senior Planner Shawn Baker and provided an update on the adoption of the Navigation Safety Bylaw.

Attendance

Councillor Iles exited the meeting at 12:42 pm.

Members were informed of the Bylaw's review process and its adoption by the Regional Council on 14 February to enable maritime regulations to be passed by Parliament and made operative on 1 July 2017. Mr Baker highlighted the key changes made to the Bylaw that affected Ōhiwa Harbour, as outlined in the report. It was noted that Maritime New Zealand were considering making potential changes for compulsory wearing of life jackets for water crafts under six metres, including jet skis. It was clarified that the Personal Water Craft designated area on the presentation map was for the jet ski zone located at Maraetōtara in Ōhope.

Attendance

Councillor Iles entered the meeting at 12:52 pm.

The visibility of maritime patrols within the harbour was raised. Mr Baker confirmed that a funding increase had been sought in the Regional Council's Annual Plan process for additional harbour patrols. He advised Ōhiwa Harbour was currently unpatrolled, although there were voluntary wardens that operated on Ōhiwa Harbour. It was noted that recommendations outside the scope of the Bylaw would be considered for future changes to the Bylaw rules, such as having reserved areas to accommodate new practices on the water.

Resolved

That the Ōhiwa Harbour Implementation Forum under its delegated authority:

- 1 Receives the report, Bay of Plenty Regional Navigation Safety Bylaw 2017.**

**Ransfield/Kora
CARRIED**

Attendance

Councillor Iles exited the meeting at 1:01 pm.

9 General Business

9.1 Toi Te Ora Public Health Warnings and status of water quality at Waiōtahe

An update was requested on the status of water quality issues and Toi Te Ora Public Health warnings for paralytic shellfish poisoning at Waiōtahe pipi beds.

At the time of the meeting, two health warnings were in place for paralytic shellfish poisoning (PSP) that originated from oceanic algal blooms and bacterial contamination, originating from the river. Monitoring of PSP was performed by the Ministry for Primary

Industries and bacterial contamination monitoring was undertaken by the Regional Council. Potential factors contributing to the water quality issues could be due to paddock run-off, wildlife and feral animals. DNA sampling and monitoring at different sites were raised as ways of identifying hot spots and source contaminants. It was noted that ongoing work was occurring with farmers on nutrient management, riparian fencing and planting of river margins and drains.

Comment was made that this was the first time Te Rūnanga o Ngāti Awa had not issued permits for taking of shellfish as a duty of care as kaitiaki, to make Iwi and hapū members aware of the health risks. An observation of discolouration at Waiōtahe Stream over a long term period was noted from the floor by local kaumatua.

9.2 **Local Government New Zealand Environmental Award presentation**

Eastern Catchments Manager Simon Stokes advised that at the last Forum meeting on 12 September 2016, members requested that the Local Government New Zealand's Air New Zealand Excellence Award for Environmental Impact (highly commended) Certificate of Award for recognition of environmental improvement in the Ōhiwa catchment, be shared with Forum partners.

Mr Stokes informed that copies of the Certificate of Award had been provided to all partners, except for Te Waimana Kaaku, which he now wished to present to member Rachel Kora. Members and Ms Kora acknowledged and thanked Mr Stokes for the presentation of the award.

10 **Closing karakia**

Provided by Bruce Pukepuke.

The meeting closed at 1:17 pm.

Chairman's Report

Receives Only – No Decisions



Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Douglas Leeder, Council Chairman

Chairman's Report

Executive Summary

Since the preparation of the previous Chairman's Report (for the 9 March 2017 Council meeting) I have attended and participated in a number of meetings and engagements as Chairman on behalf of the Bay of Plenty Regional Council.

This report sets out those meetings and engagements and highlights key matters of interest that I wish to bring to Councillors' attention.

Recommendations

That the Regional Council:

- 1 Receives the report, Chairman's Report.**

1 Purpose

The purpose of this report is to update Council on meetings and engagements I have attended and participated in as Chairman and to highlight key matters that will be of interest to Councillors.

The following section summarises these meetings and engagements. I will provide further detail at the meeting in response to any questions you may have.

2 Meetings and Engagements

Date	Meeting/Engagement	Comment
2 March	Instep Young Leaders breakfast with Mayors and Chair – <i>Tauranga</i>	Attended. An opportunity for Tauranga and Western Bay of Plenty Secondary School students to ask city leaders questions. Various topics covered, including: Tauranga's traffic congestion, house affordability and infrastructure.

Date	Meeting/Engagement	Comment
6 March	Meeting with Mayor and Chief Executive of Whakatāne District Council – <i>Whakatāne</i>	Attended.
7 March	Bay of Connections Governance Group meeting - <i>Tauranga</i>	Attended.
	Meeting with Mayors and Chief Executives of Tauranga City Council and Western Bay of Plenty District Council – <i>Tauranga</i>	Attended.
10 March	Rotorua Te Arawa Lakes Strategy Group Meeting- <i>Rotorua</i>	Attended.
11 March	Rotorua Lakeside Concert Charitable Trust's 21st Lakeside Concert – <i>Rotorua</i>	Attended. Council were one of the sponsors for the concert. The concert is a free annual event which features a selection of top New Zealand artists.
13 March	Ohiwa Implementation Forum Meeting - <i>Kutarere</i>	Attended.
14 March	State of our Lakes Science Presentation by Professor David Hamilton- <i>Rotorua</i>	Professor Hamilton presented his farewell lecture which reflected on the journey toward restoring and protecting the Rotorua Te Arawa Lakes. He gave an overview of the last 15 years of research into lake water quality, what has been achieved so far and what challenges we face.
16 March	Rural and Provincial Sector meeting – <i>Wellington</i>	Attended.
	Local Government New Zealand Annual Stakeholder function – <i>Wellington</i>	Attended.
17 March	Rural and Provincial Sector meeting – <i>Wellington</i>	Attended and spoke as the Regional Sector Chair, about the 2017 priorities for the Regional Sector.
23 March	2017 NZ Marine Industry Conference – <i>Tauranga</i>	Opened the conference with a short speech on the Council's support for the marine precinct and the local marine industry through the Regional Infrastructure Fund.
24 March	National Council – <i>Wellington</i>	Attended.

Date	Meeting/Engagement	Comment
28 March	Land and Water Forum - <i>Wellington</i>	Attended.
31 March	UNISA Mayors/Chairs Meeting- <i>Auckland</i>	Attended.
6 April	Central Government Local Government Forum – <i>Wellington</i>	Attended.

3 Regional Infrastructure Fund – Tauranga Marine Precinct

The Regional Infrastructure Fund (RIF) was set up to support and promote economic development in the Bay of Plenty. The RIF is a commitment we made in the Regional Council's Ten Year Plan 2012-2022. Grants were made through a contestable process, with four grants allocated to the Ōpōtiki Harbour Transformation (\$18 million later increased to \$20 million), Tauranga Tertiary Campus (\$15 million), Tauranga Marine Precinct (\$5 million) and SCION Innovation Centre (\$2.5 million).

The Tauranga Marine Precinct has recently become the first RIF project to drawdown funding for construction. A cheque of \$1,515,170.20 was recently presented to our project partners Tauranga City Council at the 2017 NZ Marine Industry Conference which was held in Tauranga.

The Tauranga Marine Precinct, when fully developed, is estimated to contribute an additional 130–195 jobs and \$24–\$27 million in annual revenue by 2022/23.

4 Committee Membership Update/Recent Appointments

4.1 Local Government New Zealand Policy Advisory Group

Councillors Jane Nees and Stuart Crosby have been appointed onto the Local Government New Zealand Policy Advisory Group. The Group is a new sub-committee of the National Council. The previous *Economic and Social Policy Advisory Group* and the *Environment Policy Advisory Group* have been merged into the new Policy Advisory Group.

4.2 Mayors and Regional Transport Committee Chairs Group

As Bay of Plenty Regional Transport Committee Chair, Councillor Stuart Crosby has recently joined a group of Mayors and Regional Transport Committee Chairs who will be overseeing a business case for significant upgrades to State Highway 2 between Napier and Opoitiki.

Doug Leeder
Chairperson

for Council Chairman

5 April 2017

Chief Executive's Reports

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Councillor Appointment to Committees

Executive Summary

The newly elected member for the Mauao Constituency is required to be appointed to some of the council's committees and co-governance entities.

Recommendations

That the Regional Council:

- 1 Receives the report, Councillor Appointment to Committees;**
- 2 Appoints Cr _____ to Komiti Māori and to Te Awanui Tauranga Harbour Advisory Group as a member for the Bay of Plenty Regional Council.**

1 Start Report Here

Following the swearing in of the new member for the Mauao Constituency, Council is requested to appoint the member to the relevant committees.

Vacancies have occurred on Komiti Māori and Te Awanui Tauranga Advisory Group due to the untimely passing of the previous Mauao Constituency member. It is deemed appropriate that the new councillor be appointed.

The councillor is automatically a member of the Regional Direction and Delivery Committee.

2 Council's Accountability Framework

2.1 Community Outcomes

This project/proposal directly contributes to the Regional Collaboration and Leadership Community Outcome/s in the council's Long Term Plan 2015-2025.

2.2 Long Term Plan Alignment

This work is planned under the Governance Services' activity in the Long Term Plan 2015-2025.

Current Budget Implications

The establishment and implementation of Council's governance and decision making structure is budgeted for in the Governance Services' activity.

Future Budget Implications

Continued implementation of Council's governance and decision making structure is budgeted for under the Governance Services' activity in Council's Long Term Plan 2015-2025.

Yvonne Tatton

Interim Governance Manager

for General Manager, Corporate Performance

10 April 2017

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mary-Anne Macleod, Chief Executive

SmartGrowth Leadership Group Agreement

Executive Summary

The Local Government Act 2002 requires Councils to have an agreement in place for all joint committees. The SmartGrowth Implementation Committee has agreed a number of changes to its agreement which now need to be approved. These include a change of name, fewer (formal) meetings, more strategic focus, provision for alternates and addition of the Bay of Plenty District Health Board as a non-voting member.

Council is asked to consider approving the updated SmartGrowth Leadership Group Agreement and Terms of Reference.

Recommendations

That the Regional Council:

- 1 Receives the report, SmartGrowth Leadership Group Agreement;**
- 2 Approves the updated SmartGrowth Leadership Group Agreement and Terms of Reference attached as Appendix 1 with clause 5 amended to read: *“This agreement may be varied from time to time, but only with the agreement of each of the partner Councils.”***
- 3 Confirms Councillor von Dadelszen as the voting alternate on the Strategic Leadership Group.**

1 Purpose

The purpose of this report is to consider approving the updated SmartGrowth Leadership Group Agreement and Terms of Reference attached as Appendix 1.

2 Background

At its 15 February 2017 meeting the SmartGrowth Implementation Group (a joint committee of TCC, WBOPDC and BOPRC) agreed to:

- Change its name from “SmartGrowth Implementation Committee” to “SmartGrowth Leadership Group”.

- Include the Bay of Plenty District Health Board as an observer member with speaking rights (but in a non-voting capacity).
- Clarify the SmartGrowth Leadership Group's strategic purpose and functions.
- Change delegations to better align with the strategic purpose of the SLG, in particular referencing changed responsibilities and work priorities (see Appendix 1 which has the new terms of reference).
- Make provision for alternates for the voting members of the SmartGrowth Leadership Group.
- Change the meeting frequency from monthly to two monthly.

A revised joint agreement (pursuant to Clause 30A, Schedule 7 of the Local Government Act 2002) and Term of Reference have been prepared and are attached as Appendix 1.

SmartGrowth has asked SmartGrowth Leadership Group partners to review the agreement and Terms of Reference and advise of any changes.

Once each partner is happy with the agreement it needs to be adopted by the relevant council partner; confirmed by Combined Tangata Whenua Forum; confirmed by the NZ Transport Agency and the Bay of Plenty District Health Board as non-voting members of the joint committee. All parties then need to sign the document.

3 Council's Accountability Framework

3.1 Community Outcomes

The SmartGrowth programme directly contributes to the Regional Collaboration and Leadership Community Outcome in the council's Long Term Plan 2015-2025.

3.2 Long Term Plan Alignment

This work is planned under the Regional Planning and Engagement Group of Activities in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Regional Planning and Engagement Activity in the Annual Plan 2016/17.

Future Budget Implications

Future SmartGrowth work is provided for in Council's Long Term Plan 2015-2025.

James Low
Senior Planner (RIN)

for Chief Executive

10 April 2017

APPENDIX 1

SmartGrowth Leadership Group Agreement and Terms of Reference April 2017

SmartGrowth Leadership Group (Joint Committee) Agreement

1. Purpose

This Agreement is made pursuant to Clause 30A, Schedule 7 of the Local Government Act 2002. The purpose is to provide for a joint Committee of Tauranga City Council, Western Bay of Plenty District Council, the Bay of Plenty Regional Council and tāngata whenua to undertake strategic spatial planning across the western Bay of Plenty sub-region in accordance with the SmartGrowth Strategy and Implementation Plan. This joint committee is known as the 'SmartGrowth Leadership Group'. The Leadership Group has additional public body representation from the New Zealand Transport Agency (NZTA) through its Regional Director and the Bay of Plenty District Health Board (DHB). The NZTA and the DHB are observers with speaking rights but in a non-voting capacity.

The joint SmartGrowth Leadership Group has been established to focus on strategic spatial planning, including the four well-beings (social, economic, environmental, cultural), in the western Bay of Plenty sub-region. This occurs through the implementation of the SmartGrowth Strategy and Implementation Plan in accordance with the functions as set out in the Terms of Reference attached to this Agreement as **Appendix 1**.

The Leadership Group is a formal joint committee pursuant to the Local Government Act 2002 (Clause 30, Schedule 7). The Leadership Group will not be discharged at the point of the next election period (in line with Clause 30(7) of Schedule 7).

2. Membership

The SmartGrowth Leadership Group is to be comprised of four elected member representatives as appointed by the local authorities, including the Mayors and Regional Council Chairperson, and four representatives to be nominated by tāngata whenua.

An Independent Chairperson (non-elected member) is to be appointed by the SmartGrowth Leadership Group to chair the Committee. The Independent Chairperson has speaking rights and voting capacity. A Deputy Chairperson is also to be appointed by the SmartGrowth Leadership Group at the beginning of each triennium, from the existing voting membership.

The SmartGrowth partners shall also appoint alternates. One nominated alternate shall be appointed by Tauranga City Council, one for Western Bay of Plenty District Council, one for the Bay of Plenty Regional Council and one for tāngata whenua. These alternates will only attend and participate in Leadership Group meetings if the relevant Mayor, Regional Council Chair, Councillor, or tāngata whenua representative is unavailable. The alternates can only speak or vote when

deputising for the respective Mayor, Regional Council Chair, Councillor, or tāngata whenua representative.

The standing membership of the Leadership Group shall be limited to twenty-three members (including the Independent Chairperson and nominated alternates), but with the power to co-opt up to a maximum of three additional non-voting members where required to ensure the effective implementation of any part or parts of the Strategy.

The NZTA is to be represented through its Regional Director as an observer with speaking rights but in a non-voting capacity.

The DHB is also represented on the Leadership Group, by a person to be nominated by the Board, as an observer with speaking rights but in a non-voting capacity.

There are no alternates for non-voting members.

In accordance with Clause 30A of Schedule 7 to the Local Government Act 2002, the quorum at a meeting of the Leadership Group shall be nine voting members.

Other representatives of voting and non-voting organisations are permitted to attend meetings of the Leadership Group; however attendance at any public excluded session shall only be permitted with the prior approval of the Chairperson. Likewise, speaking rights of other representatives at Leadership Group meetings (whether in public session or not) shall only be granted with the prior approval of the Chairperson.

3. Meeting Frequency

Bi-monthly, or as necessary and determined by the Independent Chairperson.

Notification of meetings and the publication of agendas and reports shall be conducted in accordance with the requirements of Part 7 of the Local Government Official Information and Meetings Act 1987, and will be undertaken by the agreed administration authority.

4. Delegations

The SmartGrowth Leadership Group is delegated the following functions in support of its overall purpose:

Co-ordinating Sub-regional Spatial Planning

- Providing sub-regional leadership on spatial planning, growth, infrastructure planning and development, focusing on key issues including the four well-beings¹ and the sustainable management of natural resources.
- Undertaking high-level spatial planning and dealing with cross boundary matters.

¹ The four well-beings refer to cultural, economic, environmental and social matters.

- Overseeing and coordinating National Policy Statement on Urban Development Capacity implementation.
- Reviewing and updating the SmartGrowth Settlement Pattern
- Overseeing infrastructure / facilities and the funding necessary to implement the Settlement Pattern.
- Setting overarching sub-regional policy, actions and approaches relevant to the SmartGrowth Strategy.

Future Thinking and Advocacy

- Having a united voice where issues require joint advocacy.
- Development and leadership of an agreed sub-regional advocacy programme

Engagement on Intra and inter-regional matters where there are impacts beyond the sub-region, including matters of Upper North Island or national importance.

- Facilitating community understanding and discussions/conversations.
- Facilitating specific consultation with the community on SmartGrowth implementation matters.
- Establishing, maintaining and engaging with the SmartGrowth Partner Forums.
- Communicating and engaging with key stakeholders where a sub-regional level view is required.
- Identifying and resolving any consultation inconsistencies between the SmartGrowth strategies and subsequent public consultation processes of the partner Councils

SmartGrowth Strategy Implementation and Alignment Monitoring

- Overseeing the implementation of the 2013 SmartGrowth strategy update in particular the strategy actions.
- Ensuring organisation systems and resources support strategy implementation.
- Taking responsibility for progressing those actions specifically allocated to the “SmartGrowth Implementation Committee” in the strategy and making sure implementation does occur.
- Reviewing and recommending adjustments to the strategy if circumstances change.
- Champion integration and implementation through partner strategies, programmes, plans and policy instruments (including the Regional Policy Statement, Regional and District Plans, Long Term Plans (LTPs), Annual Plans, transport plans and triennial agreements) and through partnerships with other sectors such as health, education and business.
- Approving submissions to Local Authorities, Central Government and other agencies on SmartGrowth related matters
- Monitoring of the strategic outcomes and ensuring a joined-up approach to implementation of the SmartGrowth Strategy 2013, including monitoring and reporting implementation progress against key milestones
- Overviewing the management of the risks identified in implementation.

Committee Operations

- Selecting and appointing an Independent Chairperson and a Deputy Chairperson.

- Implementing a Memorandum of Agreement, as adopted by the Leadership Group for each triennial period, to provide and maintain partnership relationships and provide for the resolution of any conflict
- Establish protocols and arrangements to ensure that implementation, where necessary, is consistent, collaborative and/or coordinated to achieve optimal outcomes.

5. Variation of this Agreement

This agreement may be varied from time to time, but only with the endorsement of the SmartGrowth Leadership Group.

Execution

Bay of Plenty Regional Council by:

Chairperson: Doug Leeder

Chief Executive: Mary-Anne Macleod

Dated:

Dated:

Tauranga City Council by:

Mayor: Greg Brownless

Chief Executive: Garry Poole

Dated:

Dated:

Western Bay of Plenty District Council by:

Mayor: Garry Webber

Chief Executive: Miriam Taris

Dated:

Dated:

Combined Tangata Whenua Forum by:

Co-Chairs: Buddy Mikaere & Shad Rolleston

Dated:

New Zealand Transport Agency by:

Regional Director: Parekawhia McLean

Dated:

Bay of Plenty District Health Board by:

Dated:

Appendix 1: SmartGrowth Leadership Group Terms of Reference

SmartGrowth Leadership Group (SLG)

Purpose: Pursuant to Section Clause 30 Schedule 7 of Government Act 2002, a joint Committee of Tauranga City Council, Western Bay of Plenty District Council, Bay of Plenty Regional Council and tāngata whenua be retained to implement the SmartGrowth Strategy and Implementation Plan. The joint committee is to be known as the 'SmartGrowth Leadership Group'. The SmartGrowth Leadership Group is to be delegated authority to implement the SmartGrowth Strategy and Implementation Plan in accordance with the following functions:

Co-ordinating Sub-regional Spatial Planning

- Providing sub-regional leadership on spatial planning, growth, infrastructure planning and development, focusing on key issues including the four well-beings² and the sustainable management of natural resources.
- Undertaking high-level spatial planning and dealing with cross boundary matters.
- Overseeing and coordinating National Policy Statement on Urban Development Capacity implementation.
- Reviewing and updating the SmartGrowth Settlement Pattern
- Overseeing infrastructure / facilities and the funding necessary to implement the Settlement Pattern.
- Setting overarching sub-regional policy, actions and approaches relevant to the SmartGrowth Strategy.

Future Thinking and Advocacy

- Having a united voice where issues require joint advocacy.
 - Development and leadership of an agreed sub-regional advocacy programme
 - Engagement on Intra and inter-regional matters where there are impacts beyond the sub-region, including matters of Upper North Island or national importance.
 - Facilitating community understanding and discussions/conversations.
 - Facilitating specific consultation with the community on SmartGrowth implementation matters.
 - Establishing, maintaining and engaging with the SmartGrowth Partner Forums.
 - Communicating and engaging with key stakeholders where a sub-regional level view is required.
 - Identifying and resolving any consultation inconsistencies between the SmartGrowth strategies and subsequent public consultation processes of the partner Councils
-

² The four well-beings refer to cultural, economic, environmental and social matters.

SmartGrowth Strategy Implementation and Alignment Monitoring

- Overseeing the implementation of the 2013 SmartGrowth strategy update in particular the strategy actions.
- Ensuring organisation systems and resources support strategy implementation.
- Taking responsibility for progressing those actions specifically allocated to the “SmartGrowth Implementation Committee” in the strategy and making sure implementation does occur.
- Reviewing and recommending adjustments to the strategy if circumstances change.
- Champion integration and implementation through partner strategies, programmes, plans and policy instruments (including the Regional Policy Statement, Regional and District Plans, Long Term Plans (LTPs), Annual Plans, transport plans and triennial agreements) and through partnerships with other sectors such as health, education and business.
- Approving submissions to Local Authorities, Central Government and other agencies on SmartGrowth related matters
- Monitoring of the strategic outcomes and ensuring a joined-up approach to implementation of the SmartGrowth Strategy 2013, including monitoring and reporting implementation progress against key milestones
- Overseeing the management of the risks identified in implementation.

Committee Operations

- Selecting and appointing an Independent Chairperson and a Deputy Chairperson.
- Implementing a Memorandum of Agreement, as adopted by the Leadership Group for each triennial period, to provide and maintain partnership relationships and provide for the resolution of any conflict
- Establish protocols and arrangements to ensure that implementation, where necessary, is consistent, collaborative and/or coordinated to achieve optimal outcomes.

Membership:

That representation be comprised of four elected member representatives as appointed by the contributing authorities, including the Mayors and Regional Council Chairperson, and four representatives to be nominated by tāngata whenua.

That an Independent Chairperson, to be appointed by the Leadership Group, chair the Group; and the appointment of a Deputy Chair from the Leadership Group voting membership at the beginning of each triennium.

That one alternate to represent each of the SmartGrowth partners be appointed to attend meetings if the relevant Mayor, Regional Council Chair, Councillor, or tāngata whenua representative is unavailable.

That the standing membership be limited to twenty-three members (including the Independent Chair and nominated alternates), but with the power to co-opt up to a maximum of three additional non-voting members from the Strategic Partner Forum or Combined Tāngata Whenua Forum where required to ensure the effective implementation of any part or parts

of the Strategy.

That NZTA be represented through its Regional Director as an observer with speaking rights but in a non-voting capacity.

That the DHB be represented by a person nominated by the Board as an observer with speaking rights but in a non-voting capacity.

Meeting frequency: At least bi-monthly.

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Fiona McTavish, General Manager, Strategy & Science

Proposed Terms of Reference for Komiti Maori

Executive Summary

On 15 November 2016 the Regional Council agreed that the Chief Executive and Komiti Māori would review its Terms of Reference (ToRs) and make recommendations to Council on any proposed changes. Subsequently on 3 March 2017, Komiti Māori recommended to the Regional Council to approve the proposed ToRs presented in this report.

There are four principal drivers which have contributed to the proposal presented in this report:

- Changes to policy at the National level that have implications for Māori;
- Changes to legislation that have implications for Māori (e.g. Mana Whakahono a Rohe: Iwi Participation Arrangements proposed under the Resource Legislation Amendment Bill);
- Environment Court hearings which have considered Regional Council's engagement with iwi processes; and
- Coordination of engagement with Māori across multiple Council initiated projects and the level of participation they have had in decision making. In many respects this has caused confusion about what Council is engaging Māori on.

The attached proposed ToRs do not compromise the responsibilities delegated to RDD, but aim to complement them. The key changes in the proposed TOR are Komiti will:

- review and make recommendations within project timeframes on those parts of statutory and non-statutory plans, policies or strategies the Komiti considers has implications for Māori; and
- review and make recommendations within project timelines on Māori engagement plans for projects that are of high or medium significance in lieu of a Treaty Policy Framework being completed; and
- make recommendations to the Regional Council on councillor appointments to co-

governance forums, if this is required during the triennium.
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Recommendations

That the Regional Council:

- 1 Receives the report, Proposed Terms of Reference for Komiti Maori;**
- 2 Approves the proposed amendments to the Komiti Māori Terms of Reference;**
- 3 Confirms that the decision has a low level of significance.**

1 Background to proposed Terms of Reference

In October 2016, a meeting with the Chair, Councillor Tahana, the late Councillor Awanui Black and Māori Policy staff was held in Whakatāne. Councillors agreed that a new set of ToRs would enable the Komiti to prioritise issues and opportunities that would give effect to the issues of significance to Māori. In conjunction with the ToRs councillors also discussed prioritising a work programme for the Komiti. The preparation of the work programme is continuing under the direction of the Komiti Māori Chair and Councillor Marr.

On 15 November 2016 the Regional Council agreed that the Chief Executive and Komiti Māori would review its ToRs and make recommendations to Council on any proposed changes.

At its meeting on 3 March 2017, Komiti Maori recommended to the Regional Council to approve the proposed ToRs which are attached along with more detail on the proposed changes. Councillor Tahana will present on this agenda item at the Council meeting.

2 Analysis of the Proposed Terms of Reference

Rationale for proposed ToRs

There are four principal drivers which have contributed to the proposal presented in this report:

- Changes to policy at the National level that have implications for Māori;
- Changes to legislation that have implications for Māori (e.g. Mana Whakahono a Rohe: Iwi Participation Arrangements proposed under the Resource Legislation Amendment Bill);
- Environment Court hearings which have considered Regional Council's engagement with iwi processes; and
- Coordination of engagement with Māori across multiple Council initiated projects and the level of participation they have had in decision making. In

many respects this has caused confusion about what Council is engaging Māori on.

Taking these matters into account, the overarching rationale for proposing the changes is directly related to Council's Treaty of Waitangi obligations to Māori, and responsiveness to the Regional Policy Statement policies relating to Māori.

Currently Maori communities are consulted on specific topics such as specific plan changes or key projects. There is also a focus on consulting and engaging with iwi and hapū as representing all Maori interests in the Bay of Plenty region. However Māori land owners, Land Trusts and Incorporations constitute a vast proportion of Māori organisations with approximately 1800 being Māori Land Trusts alone. Thirty seven percent of land is held in Maori title equating to nearly 5000 parcels of land.

Whilst iwi profiles have been raised as a result of Treaty settlements, this has tended to mask the issue of the extent to which other Māori organisations have historically made a contribution to the region's economic, social and environmental well-being. A large proportion of issues affecting hapū and iwi organisations, are just as likely to affect other Māori organisations.

In preparing the proposed ToRs Māori Councillors considered the issues outlined above and formed the view that a coordinated and more informed approach to how Council fulfils its obligations to Māori was required. Their views represent the evolving role that Komiti Māori should play set against the background of the increasing profile given to Māori interests across the resource management landscape.

Reviewing the current Terms of Reference for Komiti Maori

The current delegated functions to Komiti Māori are ambiguous: whilst the Komiti sets the operational direction for Council's legislative obligations to Māori, the actual decision making on how this will occur is made at the operational/delivery level. It is common practice that setting the operational direction is contingent upon an all of Council approach through its planning, policy and wider regulatory functions.

Key decisions in terms of Council's strategic direction for Māori largely rest with the Regional Direction and Delivery Committee (RDD). RDD's core function is to ensure that matters concerning resource management are coordinated and have a region-wide focus, which ultimately has implications for Maori. These proposed ToRs do not compromise the responsibilities delegated to RDD, but aim to complement them.

Setting the strategic direction for how Council fulfils its Treaty of Waitangi obligations to Māori is currently based on a plan by plan, policy by policy basis, and in that respect it is prone to variation in how Council should consistently and effectively respond to Māori.

To incorporate aspects of decision-making into the ToRs for Komiti Maori, RDD's ToRs were used as the bench mark for analysis and was considered the most appropriate for the following reasons:

1. To ensure that Komiti Maori ToRs did not conflict with RDDs;
2. To determine how any proposed ToRs would complement the decision-making function of RDD; and
3. Apply the bench-mark committee decision making protocols.

Comparative Analysis of current and proposed Komiti Māori ToRs

Currently the ToRs enable Komiti Māori to monitor, recommend and facilitate actions undertaken by Council which have implications for Māori.

Its decision making power is limited to approving actions to enhance Māori capacity, and approving sub-committee recommendations.

RDD has wide discretionary power covering the approval of statutory and non-statutory strategies, policies and plans. All matters relating to the management of natural resources will have implications for Māori, and it is with respect to this RDD ToR that the proposed Komiti Māori ToRs seek to complement.

The full analysis is appended to this report and presents a brief discussion for each of the proposed ToRs. The following section identifies some of the key proposed ToRs and the process by which these could be employed in the decision making process.

Decision Making

It is proposed that to ensure that there is a complementary decision making function between Komiti Māori and other decision making committees of Council, The Chair of Komiti Māori with the support of staff will:

- Inform the Chair of the Regional Direction and Delivery committee that the Komiti will review and make recommendations within project timeframes on those parts of statutory and non-statutory plans, policies or strategies the Komiti considers has implications for Māori. The Chair of Komiti Māori will specifically identify those parts of plans, policies and strategies the Komiti will review and make recommendations on.
- Inform the Chairs of other committees that it will review and make recommendations within project timelines on Māori engagement plans for projects that are of high or medium significance in lieu of a Treaty Policy Framework being completed.

Council appoints councillors to co-governance entities at the start of the triennium. The proposed ToRs also provide the Komiti with the opportunity to make recommendations to the Regional Council on councillor appointments to co-governance forums, if this is required during the triennium.

Māori Implications Statement

The proposed ToRs for Komiti Māori will have a direct effect on Māori outcomes. The current ToRs limit decision making to monitoring the performance of Council against its statutory Treaty of Waitangi obligations and making recommendations to Council. Other committees are delegated decision making powers which do not require another committee to approve recommendations.

While the monitoring role under the current ToRs broadly captures the Treaty landscape, it does not clearly identify how this will be achieved. The proposed ToRs specify the actions the Komiti may undertake to enhance its monitoring function.

The proposed ToRs also present an opportunity for the Komiti to have a key decision making role with respect to how Council engages with Māori. This is intended to bring a consistent approach to engagement and will enable the Komiti to determine whether

or not an engagement plan meets the minimum provisions set out under the Local Government Act 2002 (sections 81 and 82).

In addition to the body of legislation that identifies Council's responsibilities to Māori, the Bay of Plenty Regional Policy Statement regionalises statutory obligations under RPS IW1B; IW 2B; IW 3B; IW 4B; IW 5B; IW 6B; IW 7D; IW 8D; and MN 1B. Komiti Māori's role would be enabled to take these policies under consideration when reviewing those parts of statutory and non-statutory plans strategies and policies.

Plans, policies and strategies at times take account of the objectives hapū and iwi have in their management plans. In particular where matters of national significance to Māori are clearly apparent, there is more weight placed on council to "recognise and provide" those matters. The Iwi Management Plans (IMP) commonly identify interests of national importance to Māori, such as fresh water. Komiti Māori would focus on those interests through its re-vamped review and recommend function.

In responding to Māori, these proposed ToRs would greatly enhance Council's reputation amongst hapū, iwi and other Māori organisations, enabling Komiti Māori to set the strategic direction with respect to Council's statutory Treaty of Waitangi obligations.

3 Community Views

As this matter concerns the operation and function of a committee of Council, no external community views have been sought. Consultation with Councillor Tahana and the late Councillor Black initially occurred in October 2016, and has continued in 2017. Komiti Māori supported the proposed ToRs at their meeting in March this year and have recommended to the Regional Council to approve them.

4 Council's Accountability Framework

Community Outcomes

This project/proposal directly contributes to "Fostering Māori capacity to contribute to Council decision making in the Council's Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Māori Policy Activity in the Year 3 of the Long Term Plan 2015-2025.

Future Budget Implications

If the ToR amendments are approved there may be financial implications to implement future actions but these are unknown at present. For example the costs of implementing the proposed Mana Whakahono a Rohe: Iwi Participation Arrangements are not yet known. Any future additional costs will need to be considered at part of the forthcoming Long Term Plan discussions.

Anaru Vercoe
Maori Policy Team Leader

for General Manager, Strategy & Science

10 April 2017

APPENDIX 1

Proposed Komiti Maori TOR Analysis (F)

Appendix to the report: Proposed Terms of Reference for Komiti Maori

Comparison of Komiti Māori & RDD Terms of Reference		Analysis of Proposed TORs	Proposed Komiti Māori TOR
Current Komiti Māori Terms of Reference	Terms of Reference RDD (noted against TOR for Komiti Māori)		
Komiti Māori has the core function of implementing and monitoring Council’s legislative obligations to Māori.	The Regional Direction and Delivery Committee has a core function of policy formulation, implementation and monitoring of Regional Council Strategy and Policy.	<ul style="list-style-type: none">Replaced “legislative obligations to Māori” with “Treaty of Waitangi legislative obligations to Māori”.Council has specific obligations to Māori which are Treaty based – which include matters of significance to Māori. The emphasis on the Treaty of Waitangi captures those matters that are under Article 2 and which translate into the majority of legislative responsibilities local government has to Māori.	Komiti Māori has a core function for implementing and monitoring Council’s Treaty of Waitangi legislative obligations to Maori
Delegated Function - To set operational direction for Council’s legislative obligations to Maori and monitor how these obligations are implemented. This will be achieved through the development of specific operational decisions which translate legislative obligations to Maori into action.	Delegated Function – To set the strategic direction for the Region by formulation policy that clearly identifies Council’s role and direction on issues. To set the operational direction for approved Regional Council policy and strategy and monitor how it is implemented. This will be achieved through the development of specific operational decisions which translate policy and strategy into action.	Delegated Function Analysis <ul style="list-style-type: none">It is not clear how Komiti Māori sets the operational direction. Operational decisions are made by senior management once the Long Term Plan has been approved. The majority of decision making occurs at Tier 2 and 3 particularly in regard to the deployment of staff and budget to deliver on the ground operations. Opportunities to include funding in the LTP are managed through a stepped process and balanced against key priorities for the region. It is unclear how Komiti Māori would ensure that any operations would translate into legislative obligations to Māori if there is no process to determine how this would occur.The proposed ToR enables Komiti Māori to make decisions at the policy level particularly in regard to meeting Council’s statutory Treaty of Waitangi obligations to Māori. There are guidelines which support staff in preparing reports and engaging with Māori, but these are in the absence of an overarching strategic framework that links them together.In supporting Council to respond effectively through engaging with Māori, an oversight of engagement plans is proposed. The current approaches to engaging with Māori would be reviewed and options for developing a strategic approach would form one of the core functions of Komiti Māori.	Delegated Function – To approve the strategic direction for the Region through the preparation and implementation of policy related to Councils Treaty of Waitangi legislative obligations to Māori To monitor Council’s responsiveness to Māori through its implementation of policies that support Māori well-being; effective engagement with Māori; and building iwi and hapū capacity.
Meeting Frequency – 2 monthly	Meeting frequency – 6 weekly	Frequency of meetings may need to increase if Regional Council agrees to a decision making function for the Komiti. Decisions on engagement plans for example would need to fall within project timelines.	Meeting frequency – 2 monthly
Specific Responsibilities and Delegated Authority Komiti Māori is delegated the power of authority to: <ol style="list-style-type: none">Monitor Council’s compliance with its obligations to Māori under the Local Government Act 2002 and the Resource Management Act 1991.Approve actions to enhance Māori capacity to contribute to Council’s decision making processes for inclusion in the development of the Long Term Plan.Recommend to council effective Maori consultation mechanisms and processes.Identify any relevant emerging issues for the Region relating to the principles of the Te	Specific Responsibilities and Delegated Authority - The Regional Direction and Delivery Committee is delegated the power of authority to: <ol style="list-style-type: none">Approve and review statutory and non-statutory and statutory policy, plans and strategies, (except those parts that specifically address Māori interests) for<ol style="list-style-type: none">The management of resources in the regionIdentifying and promoting community aspirationsDefining and delivering on Council’s rolesApprove and review operational policy and plansDevelop and review bylaws	Specific Responsibilities and Delegated Authority <ul style="list-style-type: none">The first of these ToRs establishes the link between RDD and Komiti Māori. RDD is recognised as having the delegated responsibility to approve and review statutory and non-statutory policies, plans and strategies. The proposed Komiti Māori ToR identifies the Komiti’s role in reviewing and making recommendations on those parts of plans, policies and strategies (of medium to high significance) that specifically affect Māori interests. The final decision remains with RDD.The second and third ToRs clarify the monitoring	Specific Responsibilities and Delegated Authority – Komiti Māori is delegated the power and authority to: <ol style="list-style-type: none">Review and make recommendations on those parts of non-statutory and statutory strategies, plans and policies that specifically address Māori issues through:<ol style="list-style-type: none">Identifying and promoting iwi and hapū aspirations in Iwi Management PlansHow effectively council has responded to Māori interestsProposing amendments to policies and plans to ensure those interests have been appropriately recognisedMonitor Council’s effectiveness in implementing

<p>Tiriti o Waitangi, legislative obligations to Maori under different statutes and programmes to build the capability of Maori.</p> <p>5. Facilitate tangata whenua input into community outcomes, Council policy development and implementation work.</p> <p>6. Formally receive iwi/hapū management plans.</p> <p>7. Make submissions on Māori related matters, except where the submissions may have a wide impact on Council’s activities, in which case they might be handled by the Regional Direction and Delivery Committee or Council.</p> <p>8. Establish subcommittees and delegate to them any authorities that have been delegated by Council to Komiti Māori and to appoint members (not limited to members of Komiti Māori).</p> <p>9. Approve its Subcommittee’s recommendations for matters outside the Subcommittee delegated authority.</p> <p>10. Recommend to Council the establishment of advisory groups to represent sub region or constituency areas and to consider specific issues.</p>	<p>4. Receive reporting on consenting, compliance and enforcement</p> <p>5. Receive reporting from state of the environment monitoring</p> <p>6. Receive any annual reporting of organisational programmes</p> <p>7. Enter into contracts on matters within its terms of reference to a maximum value of . . .</p>	<p>how the monitoring function contributes to Council’s decision making processes. The proposed ToRs address:</p> <ul style="list-style-type: none">○ Appointments to co-governance entities*○ Treaty settlement implementation○ How council is building Māori capacity○ Auditing council processes and operations with respect its statutory Treaty of Waitangi obligations○ Preparing and approving Māori operational policy – e.g. Implementation of Matauranga Māori; implementation of Māori engagement policy <ul style="list-style-type: none">● No change as per current TORS for the 4th, 5th and 6th● The seventh proposed ToR – proposes a new decision making function where Komiti Māori reviews and approves Māori consultation and engagement plans. The preparation of significant plans (medium to high), strategies and policies which require consultation and engagement with Māori are subject to variation. This would ensure that consistency across the organisation is achieved.● The final ToR – enables Komiti Māori to sign off any contractual arrangements that would enhance, support or contribute to the building of Māori Capacity. The proposed Terms of Reference articulate the areas in which Komiti Māori may enhance Māori capacity:<ul style="list-style-type: none">○ Supporting Māori engagement○ Implementation of Mātauranga Māori○ Enabling procurement opportunities for hapū/iwi to undertake work on behalf of council○ Provision of specialist advice○ Research	<p>Treaty of Waitangi Settlements through:</p> <ul style="list-style-type: none">a. Recommending council appointments to Treaty joint committees (co-governance)b. Receiving reports on the Treaty settlement implementation process <p>3. Monitor Council’s responsiveness to Māori through:</p> <ul style="list-style-type: none">a. building Māori capacityb. approving a triennial Treaty Audit of council processes and operationsc. formulating and approving internal Māori operational policy <p>4. Make submissions on Māori related matters</p> <p>5. Establish subcommittees and delegate to them any responsibilities that have been delegated by Council to Komiti Māori and to appoint members (not limited to members of Komiti Māori)</p> <p>6. Approve its Subcommittee’s recommendations for matters outside the Subcommittee delegated authority</p> <p>7. Review and approve Maori consultation and engagement plans and strategies</p> <p>8. Establish iwi/hapū advisory groups to represent sub-region or constituency areas to consider specific issues</p> <p>9. Enter into contracts on matters within its terms of reference to a maximum value of [TBC} (excluding GST) for any one contract, subject to and within the allocation of funds set aside for that purpose in the Long Term Plan or Annual Plan or as otherwise specifically approved by council.</p>
<p>Decision Making</p> <p>It is proposed that to ensure that there is a complementary decision making function between Komiti Māori and other decision making committees of Council, The Chair of Komiti Māori will:</p> <ul style="list-style-type: none">● Inform the Chair of the Regional Direction and Delivery committee that the Komiti will review and make recommendations within project timeframes on those parts of statutory and non-statutory plans, policies or strategies the Komiti considers has implications for Māori. The Chair of Komiti Māori will specifically identify those parts of plans, policies and strategies the Komiti will review and make recommendations on.● Inform the Chairs of other committees that it will review and make recommendations within project timelines on Māori engagement plans for projects that are of high or medium significance in lieu of a Treaty Policy Framework being completed.● Once a Treaty Policy Framework has been developed and approved, Komiti Māori will review and approve Māori engagement plans of projects that are considered of high or medium significance. <p>*The proposed ToRs also provide the Komiti with the opportunity to make recommendations on councillor appointments to co-governance forums. This would mean that in the case of a new triennium, Komiti Māori appointments would precede the appointments of councillors to co-governance entities. With respect to a councillor leaving a co-governance entity during a triennium, Komiti Māori would make recommendations to the Regional Council prior to a replacement councillor being appointed.</p>			

APPENDIX 2

Proposed Terms of Reference FormattedVersion

Komiti Maori

Proposed Terms of Reference:

Komiti Māori has a core function for implementing and monitoring Council's Treaty of Waitangi legislative obligations to Māori.

Delegated Function

To approve the strategic direction for the Region through the preparation and implementation of policy related to Council's Treaty of Waitangi legislative obligations to Māori

To monitor Council's responsiveness to Māori through its implementation of policies that support Māori well-being; effective engagement with Māori; and building iwi and hapū capacity.

Membership

Three Māori Constituency councillors (the membership of the general constituency councillors to be rotated every two years), and the Chairman as ex-officio.

Quorum

In accordance with Council standing order 10.2, the quorum at a meeting of the committee is not fewer than three members of the committee.

Co-Chairs to preside at meetings

Notwithstanding the Komiti Māori has an appointed Chairperson, the Chairperson may vacate the Chair for a particular meeting and subject to the agreement of the Deputy Chair and the members present, request the Māori Constituency Councillor of the rohe in which the meeting is being held, to host or chair the meeting.

Term of the Committee

For the period of the 2016 – 2019 Triennium unless discharged earlier by the Regional Council.

Meeting frequency

Two – monthly.

Specific Responsibilities and Delegated Authority

Komiti Māori is delegated the power and authority to:

- Review and make recommendations on those parts of non-statutory and statutory strategies, plans and policies that specifically address Māori issues through:
 - Identifying and promoting iwi and hapū aspirations in Iwi Management Plans
 - How effectively council has responded to Māori interests
 - Proposing amendments to policies and plans to ensure those interests have been appropriately recognised

- Monitor Council's effectiveness in implementing Treaty of Waitangi Settlements through:
 - Recommending council appointments to Treaty joint committees (co-governance) during a triennium.
 - Receiving reports on the Treaty settlement implementation process
- Monitor Council's responsiveness to Māori through:
 - building Māori capacity
 - approving a triennial Treaty Audit of council processes and operations
 - formulating and approving internal Māori operational policy
- Make submissions on Māori related matters
- Establish subcommittees and delegate to them any responsibilities that have been delegated by Council to Komiti Māori and to appoint members (not limited to members of Komiti Māori)
- Approve its Subcommittee's recommendations for matters outside the Subcommittee delegated authority
- Review and approve Maori consultation and engagement plans and strategies
- Establish iwi/hapū advisory groups to represent sub-region or constituency areas to consider specific issues
- Enter into contracts on matters within its terms of reference to a maximum value of \$5000.00 (excluding GST) for any one contract, subject to and within the allocation of funds set aside for that purpose in the Long Term Plan or Annual Plan or as otherwise specifically approved by council.

Note:

The Komiti Māori reports directly to the Regional Council.

Receives Only – No Decisions

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Council Performance Monitoring Report 2016/17 July - February, Months 1 to 8

Executive Summary

This report provides Council with information to review financial and non-financial performance for all Council activities for the first eight months of the 2016/17 financial year. The Council Performance Monitoring Report provides a more detailed overview of operating and capital, and non-financial performance measures.

The highlights of the information set out in that report are shown below, and within the body of this report.

For the first **eight months** of the financial year:

OPERATING

There is a \$6.0 million net **operating** underspend so far this year, the main items include:

- **Regional Infrastructure Fund.** Grants for the Marine Precinct travel lift, Scion Project and funding for Matakerepu intersection is now not likely to be spent in 2016/17. This is expected to lead to a \$3.5 million underspend for this activity in 2016/17. This expenditure is funded from reserves.
- **Rotorua Lakes.** Ministry for the Environment (MfE) revenue has been reduced due to a year end underspend and reserve funds being available. The Ohau Wall works cannot start until the consent process (lodged in December) has been completed. Gorse, low nitrogen land use and incentive agreements are still pending finalisation with land owners to meet full agreement conditions before funding is released.
- **Finance.** Internal interest revenue is below budget as a result of capital expenditure being under budget. There is a corresponding underspend in finance costs. External interest is also tracking below budget due to decreased returns on investments and bank deposits as interest rates continue to be lower for longer.
- **Rivers & Drainage Schemes.** Funding from MfE is expected to be received in 2017/18 as a result of delays to Kopeopeo Canal Remediation project capital works.

Based on the first eight months of the financial year, the **forecast** end of year decrease in the net operating deficit is \$0.9 million.

CAPITAL

There is a \$7.3 million **capital** expenditure underspend so far this year, the main variations include:

- **Rivers & Drainage:** Delays in finalising the physical works contract for the Kopeopeo Canal Remediation project shows a \$1 million underspend to date with a forecast \$3.1 million full year underspend. It is anticipated that formal approval will be sought to carry forward approximately \$3.1 million as part of the Annual Plan 2017/18.
- **Corporate Property:** The timing of the design and construction for the refit of Regional House has changed. This will result in capital expenditure being carried forward to 2017/18. This forecast will continue to be revised during 2016/17. It is anticipated that approval will be sought to carry forward funding as part of the Annual Plan 2017/18.
- **Kaituna Catchment:** The timing of the design and construction for the Kaituna River Rediversion and Ongatoro/Maketū Estuary Enhancement project has changed. It is anticipated that approval will be sought to carry forward approximately \$2.9 million as part of the Annual Plan 2017/18.

Based on the first eight months of the financial year, the forecast end of year capital underspend is \$10.4 million.

KEY PERFORMANCE INDICATORS

There are 44 Long Term Plan KPI's being measured this year. Currently, six KPIs are not on track and are not expected to meet their full year target, and three KPIs do not have data available at this stage of the year.

Recommendations

That the Regional Council:

- 1 Receives the report, Council Performance Monitoring Report 2016/17 July - February, Months 1 to 8;**
- 2 Notes the financial and non-financial performance monitoring information provided, including variations from the budget.**

1 Introduction

This report provides Council with information to review financial and non-financial performance for all Council activities for the first eight months of 2016/17.

This report provides an overview of council performance as set out in year two of the Long Term Plan 2015-2025, and updated in the adopted Annual Plan 2016/17.

Financial information includes both operating and capital, revenue and expenditure and non-financial information through the monitoring of key performance indicators.

2 Support Document and Appendices**2.1 Supporting Document**

A supporting document (Council Performance Monitoring Report 2016/17 Months 1-8 (July to February) for the first eight months of the financial year is provided with this report.

2.2 Confidential Appendix 1 and 2

Appendix 1 (Investments Performance Report) for the first eight months of the financial year is provided under the confidential part of the agenda.

Appendix 2 (Investment Fund Valuation Report for February 2017) provided by our treasury advisors, Bancorp, is also provided under the confidential part of the agenda.

3 Information

3.1 Financial Summary

The overall financial variances for all council activities are shown in detail in the attached report. The financial report provides an end of year forecast and variation for revenue and expenditure based on current information.

The report highlights:

- A months 1 to 8 net *operating* deficit of \$6.0 million lower than budgeted
- A forecast end of year decrease in net *operating* deficit of \$0.9 million
- A months 1 to 8 net *capital* underspend of \$7.3 million
- A forecast end of year net *capital* underspend of \$10.4 million

Council has approved changes to the approved capital budget; this revised budget is provided within the report. The table of changes is shown on page one of the supporting document.

The current financial variances are summarised in the following tables.

Variance overview for Months 1-8

Months 1-8 \$000			
	Revised Budget	Actual	Variance
Operating revenue	52,561	48,972	3,589 lower
Operating expenditure	70,376	60,818	(9,559) underspend
Net operating (surplus)/deficit	17,816	11,846	(5,970) decrease
Capital expenditure	15,734	8,456	(7,278) underspend

Variance overview for 2016/17 Full Year Forecasts including Approved Changes

2016/17 Full Year \$'000				
	Revised Budget	Forecast	Variance	
Operating revenue	76,148	72,024	4,124	lower
Operating expenditure	113,587	108,597	(4,990)	underspend
Net operating deficit	37,439	36,574	(866)	decrease
Capital expenditure	29,149	18,715	(10,434)	underspend

3.2 **Main Variations – months 1 to 8**Operating Revenue

- **Finance:** Forecast to be \$1.7 million lower than budget. Internal interest revenue is tracking below budget as a result of capital expenditure for the 2015/16 financial year being under budget. There is also a corresponding underspend in finance costs. External interest is also tracking below budget due to decreased returns on investments and bank deposits.
- **Rivers & Drainage Schemes:** Forecast to be \$1.5 million lower than budget. Delays in finalising the physical works contract for the Kopeopeo Canal Remediation project will also delay project milestones being achieved and therefore funding from MfE is now expected to be received in 2017/18.
- **Rotorua Lakes.** MfE forecasted revenue \$0.7 million lower than budget due to an expected year end underspend against land management change activities and MfE reserve funds being available.
- **Pollution Prevention and Science.** \$0.5 million lower than budget. The annual S36 charges were processed in September. The chargeable work led to higher revenue for monitoring (Science) and lower revenue for compliance (Pollution Prevention). In addition, an increased number of complaints led to Pollution Prevention completing less chargeable work. Ongoing compliance work will be prioritised based on risk and chargeable time. These two activities are expected to show a net under recovery of revenue for the year.
- **Governance.** \$0.3 million lower than budget. Budgeted revenue for co-governance work within the Governance activity will not be received until new co-governance entities are established. This is now expected to occur in 2017/18.

Operating Expenditure

- **Regional Infrastructure Fund:** There is a forecast underspend of \$3.5 million for this activity in 2016/17. The underspend relates to grants approved from the Regional Infrastructure Fund and includes: The Marine Precinct travel lift delayed until 2017/18; the re-negotiated timing for the Scion project – funding is not likely to be drawn down until 2018/19; and \$300,000 funding for

Matakerepu intersection - now likely to be released in 2017/18. This expenditure is funded from reserves.

- **Rivers & Drainage Schemes:** Forecast underspend of \$0.7 million is due to lower capital spend and lower internal interest rates for loans.
- **Rotorua Lakes:** \$0.6 million less than budget. Forecast underspend on Ohau Wall repairs. Works cannot start until the consent and hearings process have been completed. The consent is expected to be lodged in December. In addition, gorse, low nitrogen land use and incentive agreements are still pending finalisation with land owners to meet full agreement conditions before funding is released in 2016/17.
- **Passenger Transport:** Forecast underspend of \$0.4 million as lower inflation rates have resulted in lower contract inflation adjustments being paid to contract providers.
- **Tauranga Harbour:** Forecast underspend of \$0.3 million on biodiversity management plans due to lower up take from landowners.
- **Science:** Forecast overspend of \$0.3 million as additional work to support water planning in catchment modelling, data analysis and ecological science is being undertaken as reported on 25 August to Council.
- **Pollution Prevention:** Forecast overspend of \$0.4 million due to increased legal costs associated with prosecutions and additional staff costs due to the increase in complaints being received in 2016/17.

Capital Expenditure

- **Rivers & Drainage:** Forecast underspend of \$4.1 million. Delays in finalising the physical works contract for the Kopeopeo Canal Remediation project shows forecast \$3.1 million full year underspend. The Rangitāiki floodway project has been reviewed with an \$800,000 underspend expected in 2016/17. As part of the Annual Plan 2017/18 process formal approval will be sought to realign the work on this project over future years.
- **Corporate Property:** Forecast underspend of \$3.3 million. The timing of the design and construction for the refit of Regional House has changed. This will result in capital expenditure being carried forward to 2017/18. This forecast will continue to be revised during 2016/17. It is anticipated that approval will be sought to carry forward funding as part of the Annual Plan 2017/18.
- **Kaituna Catchment:** Forecast underspend of \$2.9 million. The timing of the design and construction for the Kaituna River Rediversion and Ongatoro/Maketū Estuary Enhancement project has changed. It is anticipated that approval will be sought to carry forward approximately \$2.9 million as part of the Annual Plan 2017/18.
- **Geospatial:** Forecast underspend of \$0.2 million. The Regional Spatial Data programme is almost complete and will be under budget.

- **Passenger Transport.** The regional consortium has procured an interim ticketing solution provider and Council's contribution is forecasted to be \$152,000.

3.3 Funding

The operating and capital expenditure underspend highlighted in this report relates to activities mainly funded from Reserves.

These items of expenditure are expected to be included in the Annual Plan 2017/18. Therefore, there is not an overall saving or reduction in expenditure, but a delay in when the expenditure will take place.

3.4 Resources Reporting

Page 8 of the CPMR provides a summary of the combined expenditure on employee expenses, consultants and contractors. At month 8, this summary shows a current underspend of \$3.2 million. This underspend will reduce over the four months ending 30 June as delayed contract work and consultancy work is undertaken.

3.5 Council Investments - Bonds and Term Deposits

The Council's months 1 to 8 investment performance for 2016/17 is provided in a confidential appendix included with the council agenda.

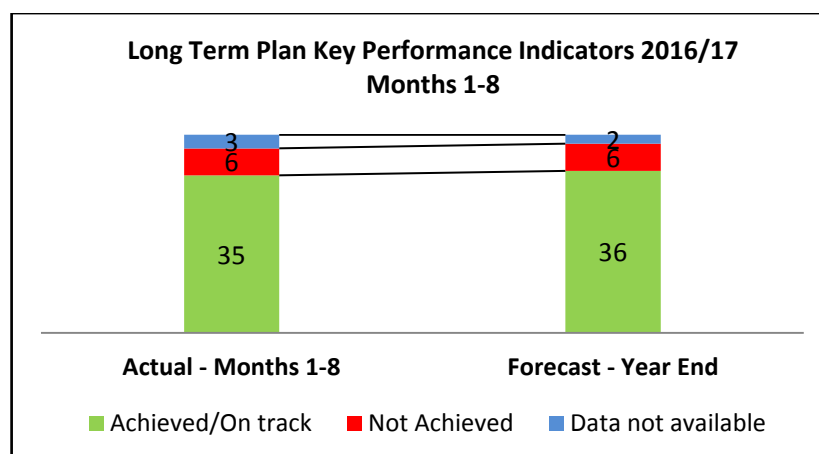
Currently, Council has \$153 million invested in bonds and other securities, earning an average interest rate of around 5.2%. These investments are held until resources are needed to fund Council expenditure.

Cash-flow forecasts are regularly updated based on the Long Term Plan and Annual Plans, and in-year financial monitoring reports.

4 Non-Financial Performance – Key Performance Indicators (KPI's)

There are 44 Long Term Plan KPIs being measured this year. Details of the performance for the first six months, and the forecast end of year result are shown in the attached report.

This report identifies six KPIs that are not on track. There are currently six KPIs forecast to be not achieved for the year. Three KPIs do not have data available at this point in time, and this is forecast to be two for the year end.



5 Conclusions

Based on the first eight months of the financial year, the forecast end of year decrease in the net operating deficit is \$0.9 million and the forecast end of year capital underspend is \$10.4 million. This report and the report Appendices have provided Council with detailed information and analysis of variations, and forecasts for the remainder of the financial year.

There are 44 Long Term Plan KPI's being measured this year. Currently six KPIs are not on track and three KPIs do not have data available. The year-end forecast for KPI's 'not achieved' is six and KPIs with 'no data available' is two.

6 Council's Accountability Framework

6.1 Community Outcomes

This project/proposal directly contributes to the Regional Collaboration and Leadership Community Outcomes in the council's Long Term Plan 2015-2025.

6.2 Long Term Plan Alignment

This work is planned under the Corporate Services Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work on Council Monitoring is provided for in Council's Long Term Plan 2015-2025.

Andy Dixon
Management Accountant Team Leader

for General Manager, Corporate Performance

7 April 2017

**SUPPORTING DOCUMENT - Council Performance
Monitoring Report 2016/17 Months 1 to 8 (July to
February)**

File Reference: File Reference
Significance of Decision: Receives Only - No Decisions



Report To: Regional Council
Meeting Date: 20 April 2017
Report From: James Graham, General Manager, Corporate Solutions

Health, Safety and People Report

Executive Summary

This purpose of this report is to inform and update Elected Members on organisational health, safety and people matters. The report and attachments cover two separate areas of operations that both sit in the Corporate Solutions Group, these two areas have therefore been collated into one report for efficiency.

The health and safety section provides Elected Members, as Officers under the Health and Safety at Work Act (2015), information on occupational health and safety matters. Following a due diligence workshop held on 6 April 2017, the Elected Members attending requested another workshop be delivered, at which all Elected Members and the Chief Executive are required to be present, to work through and agree the actions required to satisfy the six elements of health and safety due diligence for all people deemed Officers under the Health and Safety at Work Act.

The focus for health and safety this period has been on risk managing hazards. A safety risk management process was implemented in March 2016 and extensive staff training conducted to implement it. The occurrence (frequency) rate of injuries and illnesses has remained constant this financial year, with a frequency rate on average of four events per 200,000 hours worked. The severity of harm is low with no lost time injuries occurring to date

The People section provides Council with key human resource metrics. The report details Council's people numbers, turnover and length of service, regional allocation of staff and gender as at 28 February 2017.

1 Recommendations

That the Regional Council receives this report.

2 **Background**

Occupational health, safety and employee reporting has traditionally been undertaken through the quarterly Council Performance Monitoring Report. Council has requested that the health, safety and employee areas be reported separately, this report is the result.

Attached are sub-reports that cover health and safety reporting to help meet Elected Member due diligence requirements of the Health and Safety at Work Act 2015, along with key employee statistics.

Health and Safety

The attached report provides an overview of Council's health and safety performance, with a mix of statistical data reported through Council's safety management software, along with staff commentary.

A Health and Safety at Work Act due diligence training session and workshop was delivered on 6 April 2017, with six Councillors attending. The action coming from this workshop was that another workshop is required, at which all Elected Members and the Chief Executive need to be present, to work through and agree the actions required to satisfy the six elements of health and safety due diligence. Staff will arrange this at the earliest practicable time.

People

As part of a restructure undertaken in the last quarter of 2016, the Human Resources team have been retitled as the People and Capability Team. The attached report contains the key metrics used by the organisation and is provided to give Council information on employee numbers, locations and demographics.

Chris Woods
Health & Safety Manager

for General Manager, Corporate Solutions

10 April 2017

APPENDIX 1

Council Health and Safety Report, Jul 2016 to Mar 2017



Health and Safety Report

For the period 1 July 2016 to 31 March 2017

Contents

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4. Current and Future Work	5

1. Introduction

Elected Members, as “Officers” under the Health and Safety at Work Act 2015 are responsible for ensuring that Council complies with the statutory requirements of the Health and Safety at Work Act and its associated regulations. Officers meet this requirement by undertaking due diligence at a governance level to satisfy themselves that the six elements of due diligence are being met. The six elements of due diligence are to:

- a. Continuously learn about, and keep up to date with, work health and safety issues
- b. Understand the nature of the work of the organisation
- c. Know the nature of the risks that workers and volunteers may face when working for the organisation
- d. Check that the organisation has appropriate resources and processes to eliminate or minimise risks to health and safety, and that these are used
- e. Check that the organisation has processes in place to communicate and consider information about work health and safety, and to respond to that information
- f. Check that the organisation has processes in place to comply with any duties and requirements under work health and safety law, and uses them.

This report provides an overview of Council's health and safety performance, with a mix of statistical data reported through Council's safety management software (Vault) and staff commentary.

2. Executive Summary

The focus for this period has been on risk managing hazards. A safety risk management process was implemented in March 2016 and extensive staff training conducted to implement it. The risk assessment of hazards is being used to update and refine risk controls, training needs, supervision requirements and resources required.

The occurrence (frequency) rate of injuries and illnesses has remained constant this financial year, with a frequency rate on average of four events per 200,000 hours worked. The severity of harm is low with no lost time injuries occurring to date.

3. Performance Indicators

a. Definitions

Notifiable Event – Fatality, serious injury or illness, or near-miss that presented imminent risk of harm. These events are required to be formally notified to WorkSafe NZ.

Lost Time Event – Harm that resulted in an entire shift or day(s) off work.

Medical Treatment Event – Harm that required treatment by a medical professional.

Incident – A safety event in which no harm occurred but there was damage or loss.

Near Miss – an event that resulted in no harm, damage or loss but that in different circumstances could have done so.

Lag indicator – Historical events that reflect failures in risk controls as some form of harm, damage or loss occurred.

Lead indicator – Proactive events that measure and monitor that safe systems of work are effective and that they are being followed. Lead indicators also include competence and behavioural elements.

b. Lag Indicators

Fatalities	0
Notifiable events	0
Lost time events	0
Medical treatment injury/illness	10
First aid treatment injury/illness	6
No treatment injury/illness	4
Incidents	18

Commentary

- The main injury types requiring medical treatment were; contusion (3), discomfort from computer use (3), sprains (2) and strains (2).
- The main incident types were vehicles (12) and aggressive members of the public (3).

c. Lead Indicators

Near-misses reported	31
Staff training completed	521
Workers acknowledged by the H&S Committee for good H&S performance.	9
Number of corrective actions implemented.	129
H&S Committee meetings held	8
Elected Member H&S training attended	3
Chief Executive H&S training attended	1
General Managers H&S training attended	5
H&S staff training attended	11

Commentary

- Note that staff training reflects an employee completing a health and safety related course. Many staff have completed more than one course over the reporting period, much of the training this period has been for the internally delivered safety risk training (343).
- The number of near misses reported is considered low and there is work being undertaken to improve this area.

4. Current and Future Work

- a. From January last year, the organisation has been transitioning to the Health and Safety at Work Act through a project approach. This project was informed by the preparedness audit undertaken by Safety Associates, the results of which were communicated to Council at the time. The project has four main work streams, the progress of these is as follows.

Work stream	Percent complete	Notes
Safety risk management	75	Process developed and approved, staff training completed, teams working through risks.
Due diligence	100	Elected Member training, due diligence workshop, reporting in place
Procurement and contractor safety management	80	Safety now included in procurement procedures, contractor safety pre-qualification in place, induction process reviewed
Worker engagement and participation	90	Existing scheme reviewed and refined to reflect H&S at Work Act.

- b. Bay of Plenty Regional Council (BOPRC), through Bay of Plenty Local Authority Shared Services (BOPLASS) is a member of the Waikato/BOPLASS contractor pre-qualification scheme. BOPRC contractors are being asked to complete prequalification as doing so provides BOPRC with a degree of surety that contractors have appropriate safe systems of work in place. Delivery of this scheme through the LASS model is a successful example of shared services across Councils and also provides benefits to contractors as pre-qualifying with any member Council means the contractor is automatically pre-qualified with all member Councils. The scheme is receiving queries from other local and central government organisations interested in joining.
- c. The Accident Compensation Corporation terminated the Workplace Safety Management Practices audit programme in February this year. These two-yearly audits were used by BOPRC as an external audit of the organisation's safety management systems. To address the gap now presented, BOPRC staff recommended to Waikato/BOPLASS that member Councils establish a shared service cross-council audit scheme. This was developed by BOPRC staff, approved by Waikato and Bay of Plenty LASS members and has now been adopted by Waikato and BOP Councils.
- d. The organisation implemented a drug and alcohol testing process on 3 April 2017. This process covers employees and contractors and provides for pre-employment, random, reasonable cause and post safety event testing. The implementation provides a grace period until 31 May 2017 and becomes fully effective from 1 June 2017. During the grace period employee drug and alcohol training will be provided to employees. The process has mechanisms for rehabilitating where it is reasonable and practicable to do so.
- e. Contractor safety management has improved significantly with the introduction of the pre-qualification requirements. The next phase is to review contractor induction and auditing for completeness in the latter half of the year.
- f. WorkSafe NZ are seeking to establish a protocol for multiple agency responses to an asbestos report or issue. This protocol defines the cross-agency relationships in notifying, responding and potentially regulating an asbestos issue. BOPRC staff are working with WorkSafe NZ in developing this protocol for the Bay of Plenty.
- g. The project for the refurbishment of Regional House is considering and including safety in design for workers and visitors.

APPENDIX 2

People Report for Council 28 February 2017 pdf

Bay of Plenty Regional Council

People Report From:

People & Capability Team

As at:

28 February 2017

This report details our people numbers, turnover and length of service, regional allocation of staff and gender as at 28 February 2017.

1 People numbers

1.1 Total number of people

	Headcount	FTE
All people (includes fixed term)	392	374.62
Full time permanent	283	283
Part time permanent	47	33.64
Fixed term positions	-51	-47.75
Total Permanent People	340	326.87

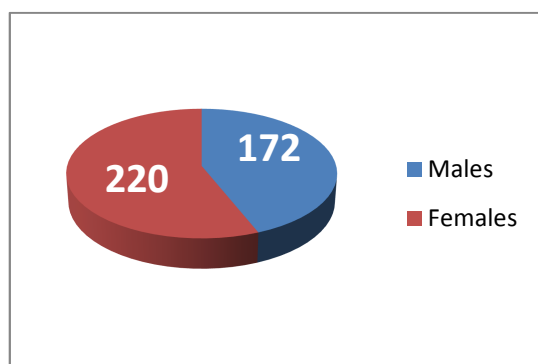
1.2 Key messages

- As at 28 February 2017 there were 326.87 full time equivalent people occupying 340 permanent positions.
- Some people temporarily work on reduced hours, which may not be formally documented. We also have 10 (9.23 FTE) permanent people plus 1 (1.0 FTE) Fixed Term person on parental leave and 23 permanent vacancies.

2 Male to female ratios

2.1 Organisation total

	Males	Females	Total
Number	172	220	392
Percentage	44%	56%	100%

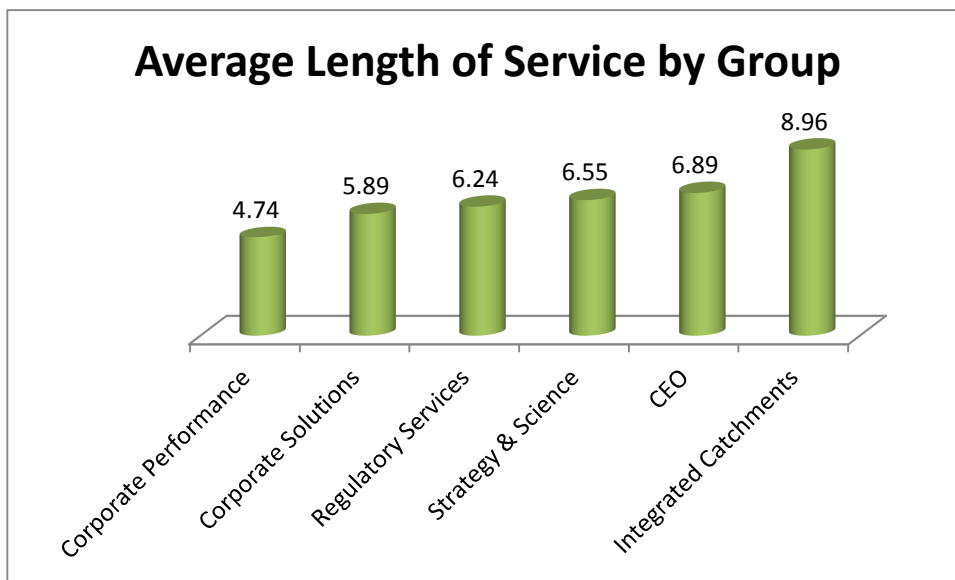


3 People who have left

3.1 Annual turnover

	Excludes fixed term
Total number of people who left since 1 March 2016	29
Turnover percentage	8.52%
Permanent headcount for calculation	340

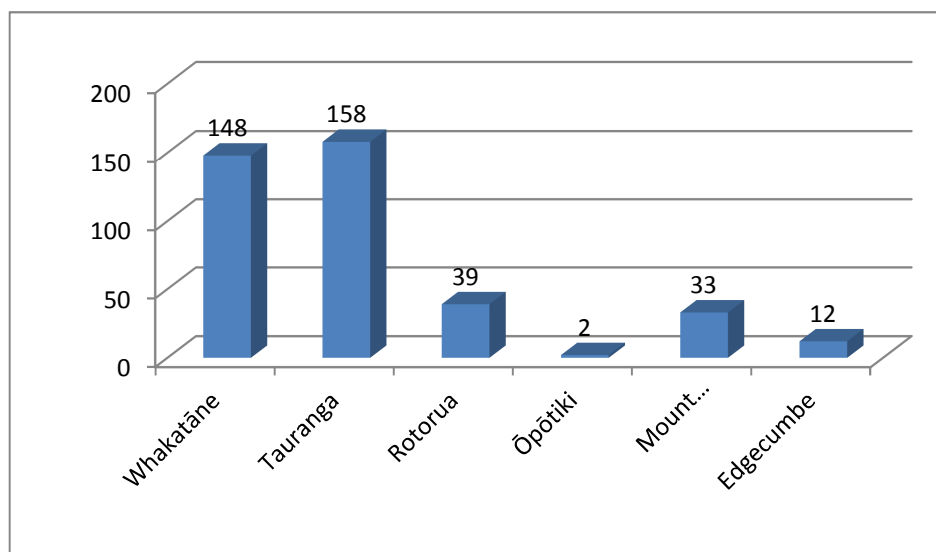
4 Length of service



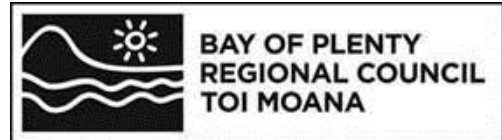
The average length of service at Bay of Plenty Regional Council is 6.7 years.

5 Regional allocation of people

	Whakatāne	Tauranga	Rotorua	Ōpōtiki	Mount Maunganui	Edgecumbe
CEO	1	6				
Corporate Performance	10	26				
Corporate Solutions	38	45	2		2	
Integrated Catchments	24	2	25	2	20	12
Regulatory Services	35	50	8		6	
Strategy & Science	40	29	4		5	
	148	158	39	2	33	12



Receives Only – No Decisions



Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Local Government Funding Agency (LGFA) Draft Statement of Intent 2017/18, and Half Yearly Report 2016/17

Executive Summary

The Bay of Plenty Regional Council participates in the Local Government Funding Agency scheme as a principal and 'non-borrowing' shareholder.

The 2015/16 Annual Report highlights that the LGFA issued \$1.265 billion of bonds during the year, and have outstanding bonds at the end of the year were \$6.22 billion.

The Half Yearly Report 2016/17 provides the following notable highlights including that the LGFA has issued \$595 million of loans to councils so far in 16/17, and has issued over \$6.9 billion of debt on behalf of councils since inception. Also Standard and Poor's and Fitch Ratings provided a credit rating of AA+(stable outlook).

The period also reported compliance with all covenants and treasury limits. The expected dividend rate for 2016/17, implied from current projections of LGFA surpluses, is 5.31%.

The LGFA's draft Statement of Intent (SOI) 2017/18 has been received following extensive discussions with the Shareholders Council, it covers the information that is required to be provided to all shareholders and presents the LGFA's proposed borrowing and lending expectations on behalf of councils in New Zealand.

Some specific highlights from the SOI show that there are no key changes proposed to objectives in 2017/18, with only a removal of a target relating to NZ Government Bonds being proposed. There is an expectation that council's will have borrowed \$7.9 billion from the LGFA at the end of the financial year.

Recommendations

That the Regional Council:

- 1 Receives the report, Local Government Funding Agency (LGFA) Draft Statement of Intent 2017/18, and Half Yearly Report 2016/17;**
- 2 Notes the Local Government Funding Agency Annual Report 2015/16**
- 3 Notes the 2016/17 Half Yearly report, and performance of the LGFA for the period**

4 Notes the draft SOI 2017/18 and feedback provided to the LGFA by the Shareholders Council, and confirms that there are no further changes suggested prior to the SOI being adopted

1 Background

The LGFA was established in 2011 as a Council Controlled Organisation (CCO) by the Crown and nine 'founding' Councils, of which the Bay of Plenty Regional Council is one. Whilst our Council had no immediate need for a debt facility the significant benefit that the LGFA would bring to the Territorial Authorities within our region was seen as of strategic importance to this Council.

The Bay of Plenty Regional Council participates in the Local Government Funding Agency scheme as a **principal and 'non-borrowing' shareholder**.

There is a risk associated with being a shareholder in that there is a joint liability (based on rates income) to pay debt costs in the event of a council defaulting on debt repayments. This risk has been assessed and valued, and the basis for the calculation agreed with Audit New Zealand. To date the value of that risk has been too small and immaterial to be included within the Council's financial statements. However, it is a risk that will continue to exist while the Council is a shareholder in the LGFA.

Council's interests as a shareholder are represented by the Shareholders' Council. This body is made up of five to ten appointees of shareholders (including an appointee from the Crown). Council have consistently had an appointee on the Shareholders Council, and currently this position is filled by Mat Taylor General Manager, Corporate Performance.

The LGFA's draft Statement of Intent 2017/18 has been received following extensive discussions with the Shareholders Council, it covers the information that is required to be provided to all shareholders and presents the LGFA's proposed borrowing and lending expectations on behalf of councils in New Zealand.

2 Annual Report 2015/16

The LGFA Annual Report 2016 was received in late 2016 and reported to the LGFA AGM on the 24th November. It was intended to be reported to Council at a meeting earlier this calendar year. This did not happen, and it is now attached as a supporting document to this report.

The Annual Report provides the following highlights:

- The LGFA issued \$1.265 billion of bonds during the year
- Total of outstanding bonds at the end of the year were \$6.22 billion
- During the year the LGFA listed its bonds on the NZX Debt Market. This was the biggest listing in NZX history.
- Five new members were added, including Canterbury Regional Council.
- The report notes this is the fifth year of delivering value to New Zealand local government.

- The LGFA reported its highest profit of \$9.55 million
- The Regional Council's LGFA shareholding led to a dividend of \$103,935.03

3 Half Yearly Report Highlights

The Half Yearly Report 2016/17 is attached at Appendix 1. The LGFA's half yearly report provides the following notable highlights:

- There are now 51 participating councils, and 49 have borrowed from the LGFA.
- 30 Local Authorities plus the New Zealand Government are participating shareholders.
- LGFA issued \$595 million of loans to councils so far in 16/17, and has issued over \$6.8 billion of debt on behalf of councils since inception.
- Standard and Poor's and Fitch Ratings provided a credit rating of AA+(stable outlook).

The LGFA continues to grow and become the most significant lender to local government in New Zealand as intended when it was established. The financial performance of the LGFA is recognised by the continued strong credit rating and the participation in each of the bond issuances.

The Half Yearly report highlights the three successful bond tenders during the period. The tenders achieved a coverage ratio of between 2.5 times and 3.1 times for the most recent in December 2016. Key performance indicators continue to show satisfactory results so far for the year, especially in the current financial markets.

The period also reported compliance with all covenants and treasury limits. The expected dividend rate for 2016/17, implied from current projections of LGFA surpluses, is 5.31%.

4 Draft Statement of Intent 2017/18

The draft SOI 2017/18 recognises the on-going maturity of the LGFA as the significant lender to the local government sector, with a growing number of council's joining the LGFA and borrowing funds.

It is consistent with the longer term direction and objectives of the LGFA and provides a clear future direction. LGFA has, and continues, to plan for the longer term, also adapting to the changing economic climate based on a lower interest rate outlook in the short and medium term.

The draft SOI undergoes a process, on behalf of all Council's, led by the Shareholder's Council. As part of the on-going review of the LGFAs performance, The Shareholder's Council prepared of a 'Letter of Expectation' that was sent to the LGFA in early 2017. This is consistent with previous messages regarding the expectations of the LGFA operating in the local government environment. This letter was followed by a meeting with the CEO of the LGFA to discuss how best to accommodate shareholder's views within the draft SOI for 2017/18.

The cover letter from the LGFA responding to the Letter of Expectation for the draft SOI is at Appendix 2, and the draft SOI 2017/18 is at Appendix 3.

SOI Objectives and Content

Some specific highlights from the SOI are:

- There are no key changes proposed to objectives in 2017/18, with only a removal of a target relating to NZ Government Bonds being proposed.
- A recognition that the Government's Housing Infrastructure Fund (HIF) is both a risk and opportunity, that will need careful consideration and assessment of the implications when allocation is announced
- An expectation that council's will have borrowed \$7.9 billion from the LGFA at the end of the 2017/18 financial year.

It should also be noted that the LGFA will undertake a review of the LGFA Board during 2017, including reviewing local government to independent ratios, and succession planning.

5 Council's Accountability Framework

5.1 Community Outcomes

The LGFA indirectly contributes to the Regional Collaboration and Leadership Community Outcome in the Council's Long Term Plan 2015-2025.

5.2 Long Term Plan Alignment

The work is planned under the Corporate Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2016/17

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2015-2025

Mat Taylor

General Manager, Corporate Performance

7 April 2017

APPENDIX 1

LGFA Half Yearly Report to Shareholders 31 December 2016



NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY



HALF YEAR REPORT



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Cover: Opening Day, Ashley Bridge (Cones Rd, Rangiora). The old bridge which has since been deconstructed is in the foreground. The bridge connects the Township of Rangiora directly with Ashley and Loburn. Waimakariri District Council. Photo: Aaron Campbell.

Left: A family ride along the new Matai Street cycleway, part of the Uni-Cycle Major Cycle Route which links the university to the city. Christchurch City Council.

CHAIRMAN'S REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

"LGFA continues to provide attractive borrowing terms to council members while providing a highly rated, liquid NZD fixed income instrument for investors."

Craig Stobo, Chairman LGFA Board



Directors would like to highlight the following developments at LGFA for the six-month period to December 2016:

Strong Financial and Operational Performance in line with the Statement of Intent (SOI) forecasts

LGFA total interest income for the six-month period of \$155.711 million was a 16.0% increase over the 2015-16 comparable period of \$134.217 million while Net Operating Profit of \$5.312 million was a 11.4% increase on the 2015-16 comparable period of \$4.769 million.

The financial strength of LGFA was reaffirmed by credit rating agencies Standard & Poor's and Fitch Ratings who maintained our credit rating at AA+. Our credit rating is the same as the NZ Government.

In October 2016, LGFA announced a bond lending programme where it would lend bonds to bank pricemakers assisting with deepening secondary market liquidity by facilitating tighter bid/offer spreads in LGFA bonds. In the first two months of this facility, LGFA has lent bonds on twelve transactions.

Borrowing activity

Over the past six months, LGFA has issued \$595 million of long-dated bonds. While this is in line with SOI forecast, it is one of the lowest issuance amounts over a six-month period, reflecting reduced borrowing demand from our council members.

LGFA has now issued \$6.815 billion of bonds on behalf of its council members across seven maturities from 2017 to 2027. LGFA is one of the largest issuers of NZD securities after the NZ Government and our bonds are amongst the largest and most liquid NZD debt instruments available for investors.

Lending to the sector

LGFA was established in late 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. It is pleasing to note the following achievements over the past six months:

- We admitted Central Hawkes Bay District Council as a new member, bringing total membership to fifty-one councils.

- Bespoke lending continues to be popular for councils in that it provides flexibility as to maturity dates of borrowing and the date of drawdown. LGFA lent \$190 million on a bespoke basis for the six-month period. This was approximately 36% of our total lending over that period. Bespoke loans outstanding are now \$676 million or 10% of our total loan book.
- Short-dated lending (less than 365 day terms) to councils, introduced in November 2015, has been very successful with outstandings now at \$240 million lent to seventeen councils. This compares to \$44 million lent to three councils as at December 2015.
- Credit quality of the sector continues to improve with all councils remaining compliant with the LGFA lending covenants and three councils in 2016 either receiving an upgrade to their credit ratings or a positive outlook change to their rating.

Finally, at this time I would like to acknowledge the support of Local Government New Zealand (LGNZ) and its chief executive Malcolm Alexander who has helped LGFA continue to provide highly valued services to the sector despite our Wellington offices being closed as a result of the Kaikoura earthquakes in November 2016. The LGFA Wellington based team are currently working from the LGNZ offices until we can safely return to our previous location.

On behalf of my fellow directors I am pleased to be part of the continued success of this organisation and wish to thank our council shareholders, guarantors and borrowers as well as our financial intermediaries and investors for their continued support.

Craig Stobo
Chairman, LGFA Board

Rauparaha Street Pump Station upgrade. Kapiti Coast District Council.





STATEMENT OF SERVICE PERFORMANCE

A stormwater mixing chamber is lowered into place as part of a comprehensive upgrade on the Little Go Stream. Nelson City Council.

Performance Against Objectives and Performance Targets

1 PRIMARY OBJECTIVES

LGFA operates with two primary objectives

1. Optimising the debt funding terms and conditions for participating local authorities.
2. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector:

1.1 Optimising the debt funding terms and conditions for participating local authorities

(i) Providing savings in annual interest costs for all participating local authority's on a relative basis to other sources of financing

LGFA measures the pricing performance of bond tenders against two key benchmarks:

- LGFA aims to reduce its margin over New Zealand Government bonds (NZGBs)
- LGFA aims to minimise its margin over swap rates to provide cost effective funding to councils.

The LGFA margin to swap and NZGB will depend upon a number of factors including the relative demand and supply of high grade bonds, general credit market conditions, performance of NZGBs and swap rates, investor perceptions of LGFA and the issuance volume and tenor of LGFA bonds.

Given that LGFA tends to match fund its on-lending to councils, ie. tends to issue bonds in the same tenor and volume as its on-lending, then LGFA only has influence over investor perception amongst the above factors that determine LGFA spreads to NZGB and swap.

There will be periods within the interest rate and credit market cycles when LGFA bonds will outperform its benchmarks (spread narrowing) and there will be periods of time when LGFA bonds underperform (spreads widening).

LGFA spreads to its benchmarks have consistently narrowed since it first began issuing bonds in February 2012, but these spreads have widened from the historical lows over the past twelve months.

Over the course of the six-month period to 31 December 2016:

- LGFA margins to NZGB widened between 1 basis points (bps) (2021s) and 4 bps (2017s) but also narrowed between 10 bps (2023s) and 17 bps (2027s).
- LGFA margins to swap widened 2 bps on all LGFA maturities except for 2019s (unchanged) and 2017s (3 bps tighter).

These secondary market pricing movements are summarised in the following tables:

MARGINS – 15 DECEMBER 2017	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	40	44	4
NZGB margin to swap	(19)	(26)	(7)
LGFA margin to swap	21	18	(3)

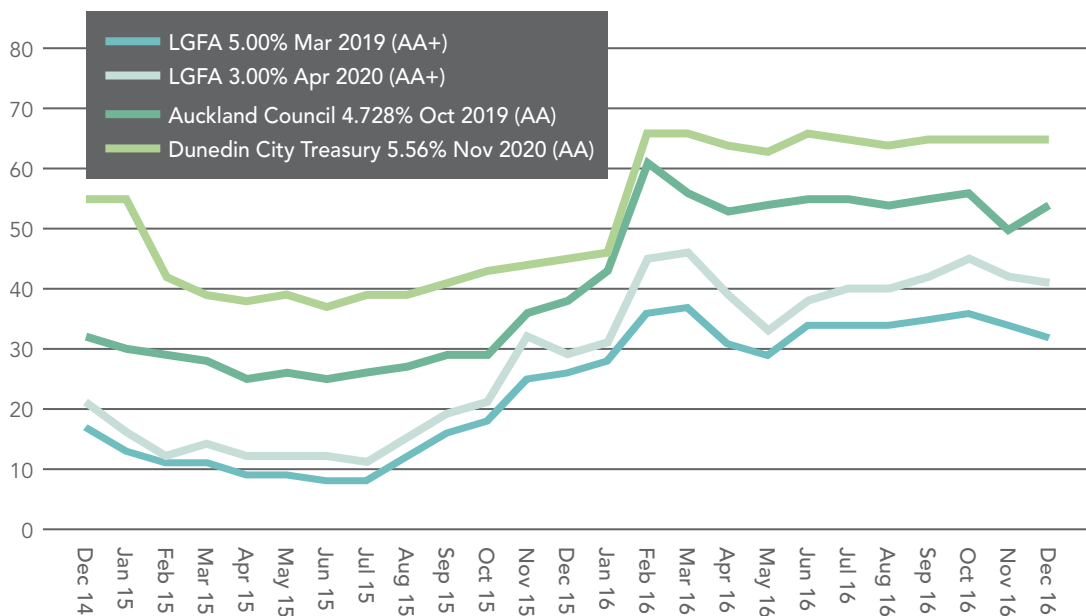
MARGINS – 15 MARCH 2019	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	54	58	4
NZGB margin to swap	(21)	(25)	(4)
LGFA margin to swap	33	33	-
MARGINS – 15 APRIL 2020	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	61	69	8
NZGB margin to swap	(23)	(29)	(6)
LGFA margin to swap	38	40	2
MARGINS – 15 MAY 2021	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	72	73	1
NZGB margin to swap	(29)	(28)	1
LGFA margin to swap	43	45	2
MARGINS – 15 APRIL 2023	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	89	79	(10)
NZGB margin to swap	(39)	(27)	12
LGFA margin to swap	50	52	2
MARGINS – 15 APRIL 2025	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	94	81	(13)
NZGB margin to swap	(37)	(15)	22
LGFA margin to swap	57	66	9
MARGINS – 15 APRIL 2027	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	106	89	(17)
NZGB margin to swap	(36)	(17)	19
LGFA margin to swap	70	72	2

The movement in LGFA bond spreads to NZGB has been largely driven by the movements in swap spreads to NZGB. Swap spreads to NZGB have been volatile and influenced by the amount of corporate fixed rate hedging and bank hedging of mortgage books over the past six months. Short-dated swap spreads have widened as banks hedge their mortgage books while the absence of corporate borrowing in the long end combined with ongoing long-dated NZ Government bond issuance has led to a contraction in long-dated swap spreads. LGFA bonds have outperformed NZGBs in the longer end of the curve and underperformed in the shorter end.

LGFA bonds have slightly widened to swap as credit spreads in general have moved slightly wider over the past six months.

LGFA continues to provide savings in borrowing cost for councils relative to other sources of borrowing. We compare our secondary market spreads on LGFA bonds to those of Auckland Council and Dunedin City Treasury. The implied pricing advantage of LGFA based upon this measure has reduced by between 1 bps (2017s) and 11 bps (2025s) over the past six months. This measure can be volatile given that it is based upon secondary market pricing estimates and LGFA is a regular issuer of bonds in the primary market whereas both Auckland and Dunedin Councils are infrequent borrowers.

LGFA March 2019 and April 2020 secondary market credit margin over swap (bps)



Source PwC and LGFA

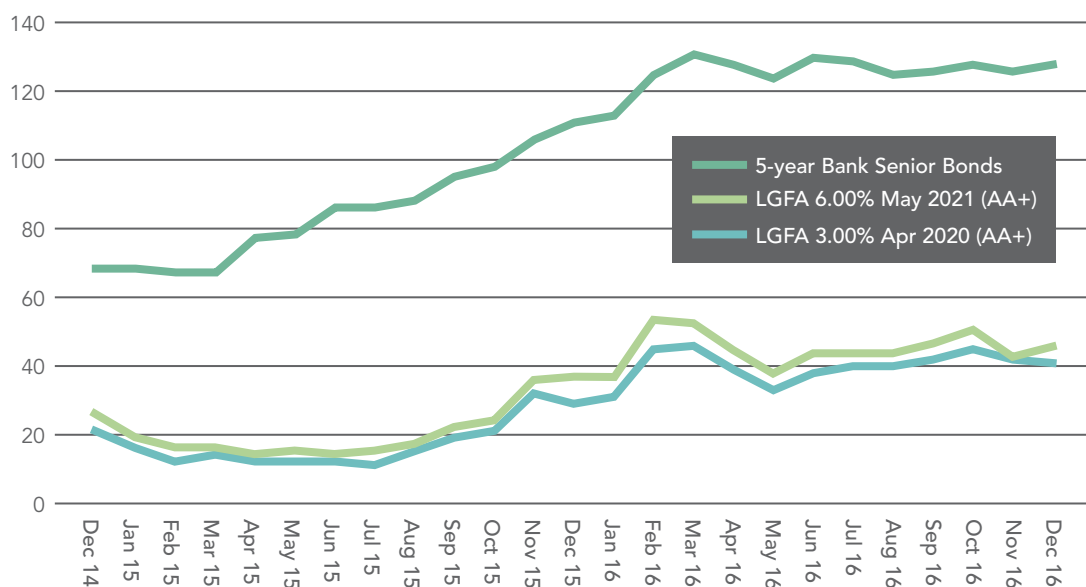
From the table below we estimate that as at 31 December 2016, LGFA was saving AA-rated councils between 15 bps for a 2019 (two and half year) maturity and 25 bps for a 2021 (five year) maturity.

30 June 2016	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	47	60	70	74	87
Less LGFA margin to swap	(33)	(40)	(45)	(49)	(66)
LGFA Gross Funding Advantage	14	20	25	25	21
Less LGFA Base Margin	(9)	(10)	(10)	(10.5)	(11)
LGFA Net Funding Advantage	5	10	15	14.5	10
Add 'LGFA Effect' *	10	10	10	10	10
Total Saving	15 bps	20 bps	25 bps	24.5 bps	20 bps

* The 'LGFA effect' represents the estimated conservative reduction in AA-rated councils' margin to swap as a result of LGFA operations. From May to June 2012, the margin to swap for AA-rated councils' fell by 10 bps, with no corresponding move in swap spreads for other borrowers. This suggests that potential access to cost-effective LGFA funding has enabled these councils to reduce their borrowing margin by around 10 bps.

LGFA remains the cheapest source of borrowing for the sector as illustrated in the chart below which shows the widening borrowing cost for banks

LGFA and bank secondary market margins over swap



Source PwC and LGFA

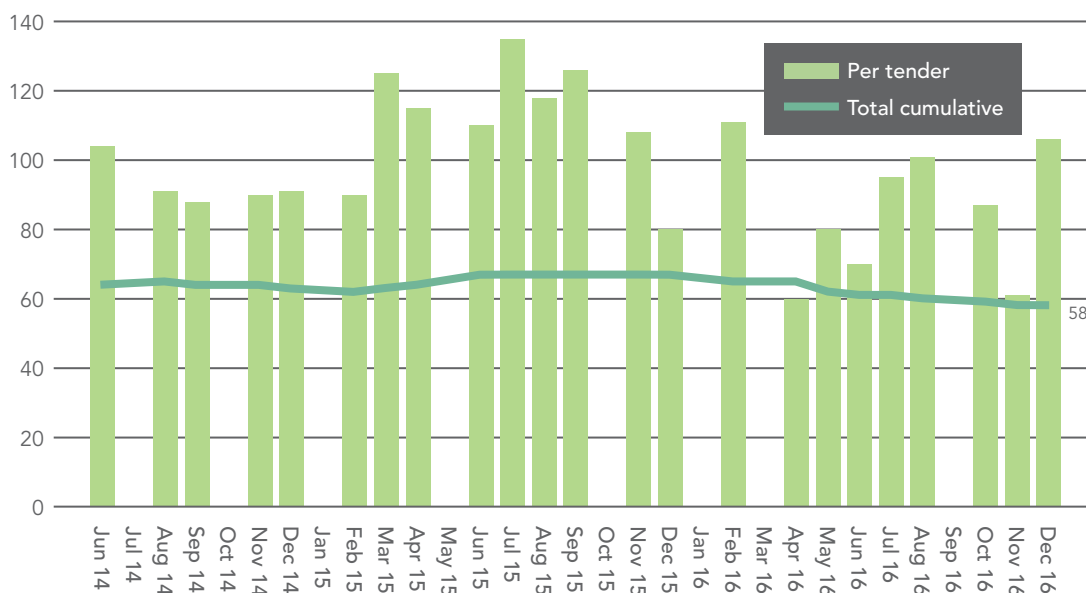
(ii) Making longer-term borrowings available to participating local authorities

Over the past six months, LGFA offered three existing maturity dates for borrowing in excess of six years to participating councils:

- 15 April 2023 bond (six and half years) and this maturity has comprised 7.6% of total issuance in the six-month period to 31 December 2016
- 15 April 2025 bond (seven and half years) and this maturity has comprised 54.6% of total issuance in the six-month period to 31 December 2016, and
- 15 April 2027 (nine and half years) and this maturity comprised 17.6% of our issuance in the six-month period to 31 December 2016.

The following chart shows the average term of lending to councils by LGFA at each tender, and the average term for all LGFA long-dated lending at each tender date. Over the past six months the average term of council lending has shortened by three months to 58 months but this must be considered in the context of a natural six month shortening in time over that period.

Average total months to maturity – On-lending to councils

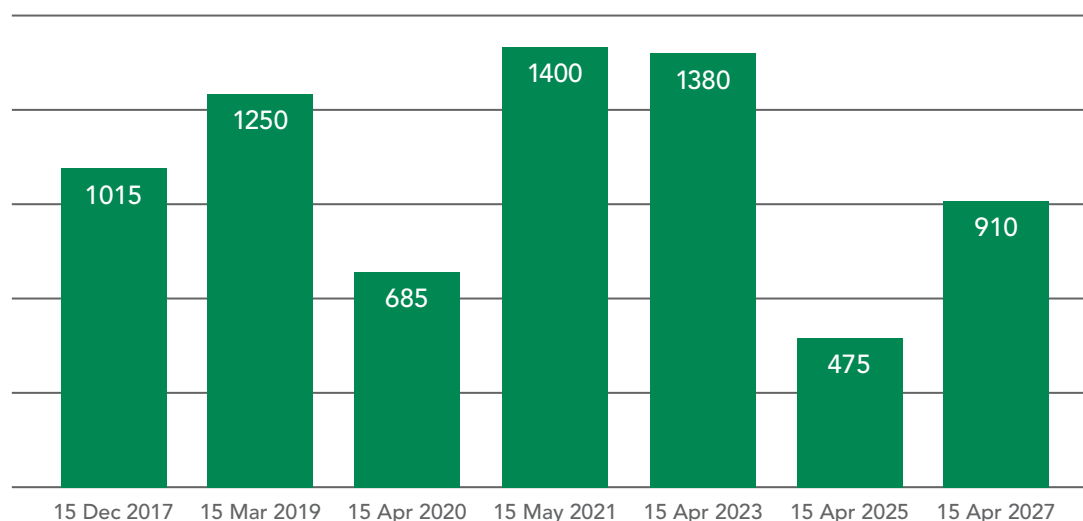


The average term of borrowing by Councils from LGFA was 7.56 years for the six-month period to 31 December 2016. This is shorter than the 8.08 years' average term for the 2015-16 year but reflects the current wider borrowing margins, higher yields and most councils had lengthened the duration of their borrowing in the prior year.

The following chart shows the total LGFA bond outstandings by maturity as at 31 December 2016

LGFA bonds outstandings as at 31 December 2016 (\$ million)

Includes \$300m treasury stock



Over the six-month period to 31 December 2016, LGFA issued \$595 million of bonds with an average term of 7.61 years. The amount of issuance is in line with the full year SOI forecast of \$1.2 billion but less than the \$710 million of issuance in the first six months of 2015-16.

2016-17 financial year issuance

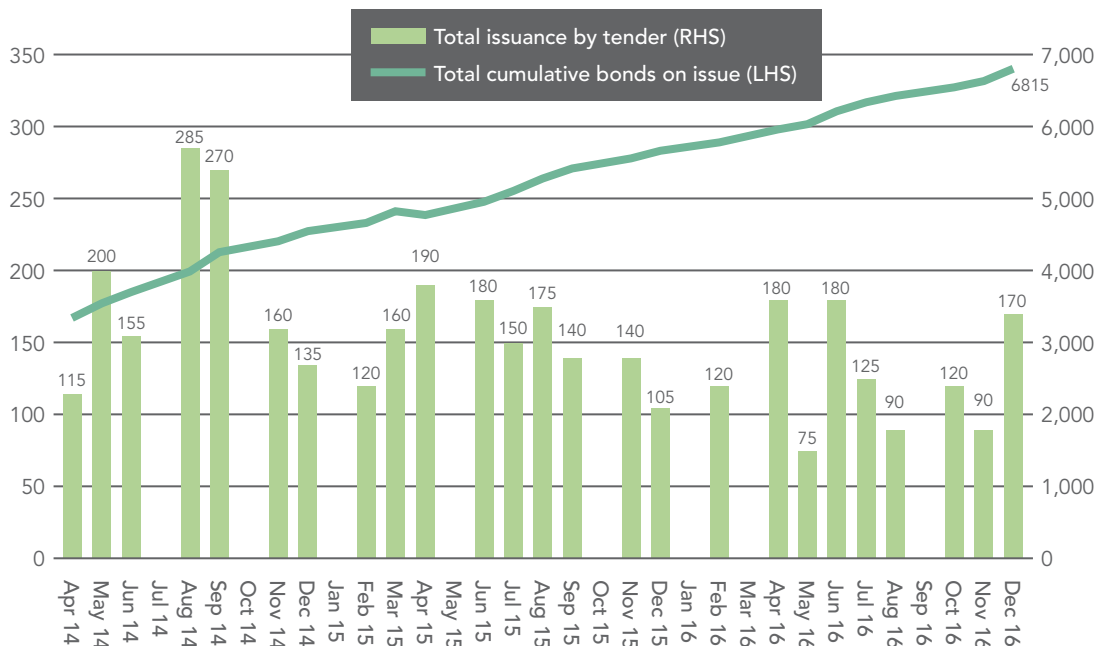
Dec-17	Mar-19	Apr-20	May-21	Apr-23	Apr-25	Apr-27	Total
-	\$20 million	\$70 million	\$30 million	\$45 million	\$325 million	\$105 million	\$595 million
-	3.4%	11.8%	5.0%	7.6%	54.6%	17.6%	100%

(iii) Enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice

LGFA held five tenders during the six-month period to 31 December 2016, with an average tender volume of \$119 million (compared to the average tender size for 2015-16 of \$141 million). The volume offered at each tender ranged from \$90 million to \$170 million and all tenders were successful and fully subscribed. Total issuance during the six-month period of \$595 million resulted in outstandings of LGFA bonds of \$6.815 billion as at 31 December 2016. This excludes the \$300 million of treasury stock held by LGFA to facilitate stock lending to banks.

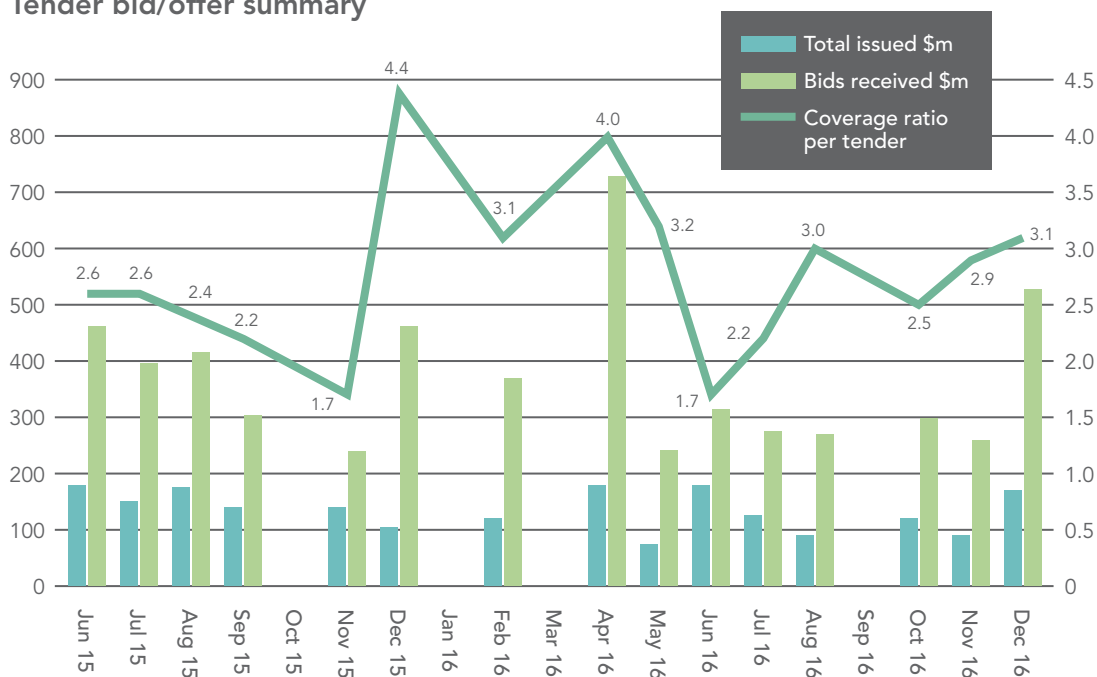
LGFA bond issuance by tender (\$ million)

Excludes issuance of treasury stock



Over the six-month period, total bids received across the five tenders was \$1.43 billion for the \$595 million of LGFA bonds offered resulting in a coverage ratio of 2.4 times. This coverage ratio is less than the 2.74 times coverage ratio for the 2015-16 year. The LGFA cover ratio for each tender and the cumulative ratio for tenders over the past two years is shown in the following chart.

Tender bid/offer summary



While the coverage ratio for the past six months is lower than the average coverage ratio of 3.1 times since LGFA first commenced issuing in February 2012, this is not surprising given the longer duration of LGFA bonds being currently tendered, the smaller tranche sizes being offered, relatively tight spreads to both NZGB and swap and low outright yields. Furthermore, offshore investor demand for LGFA securities has been noted in the secondary market rather than at LGFA tenders.

While LGFA issues fixed coupon debt to investors, Councils were provided the choice of either fixed or floating rate borrowing for their borrowing from LGFA. Councils tend to borrow on a floating rate basis from LGFA.

Improved certainty of access for councils was achieved through both bespoke lending and short-dated lending (less than one year terms) .

(iv) Offering more flexible lending terms to participating local authorities

The successful introduction of bespoke lending and short-dated lending has provided councils with flexible lending conditions.

LGFA first offered bespoke lending in February 2015 where council borrowers could select their preferred borrowing maturity date and their preferred date of borrowing drawdown. In the six-month period to 31 December 2016 LGFA lent \$190 million on a bespoke basis for 14 transactions. Total bespoke lending outstanding as at 31 December 2016 was \$676 million to twenty-three councils or 10% of our loans outstanding.

LGFA first offered short-dated lending to councils in November 2015 and as at 31 December 2016 there were loans of \$240 million to seventeen councils. Councils can now borrow on attractive terms out to 364 days where previously the shortest borrowing maturity was to December 2017.

1.2 LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector. This includes:

(i) LGFA will review each participating local authority's financial position, its financial head-room under LGFA policies and visit each participating local authority on an annual basis

LGFA undertakes a detailed financial assessment on each of its borrowers and meets with all member councils on an annual basis while monitoring council performance throughout the year. LGFA reviews the Annual and Long Term Plans for each council and the annual financial statements. LGFA assigns an internal credit rating to each of its council members as part of the review exercise. All council members were compliant with LGFA covenants at June 2016.

(ii) LGFA will commence work on analysing finances at the council group level in addition to parent level. Previously the analysis was undertaken at the council parent level

LGFA reviews the financial position of each council on a Group basis where appropriate, eg. where council services are delivered through subsidiaries or holds substantial investments in subsidiaries.

(iii) LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues

LGFA staff and directors have met with the OAG during the past twelve months and staff have met with DIA. LGFA has presented at all LGNZ quarterly media briefings during the six-month period.

2 ADDITIONAL OBJECTIVES

LGFA has a number of additional objectives which complement the primary objective. These additional objectives are to:

2.1 Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6 of the Statement of Intent

The LGFA's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA cost of funds plus 2% over the medium term.

With lending volumes and financial outcomes for the six-month period close to SOI forecast, we expect profitability to be sufficient to make a dividend payment for the full year. This remains at the Board's discretion.

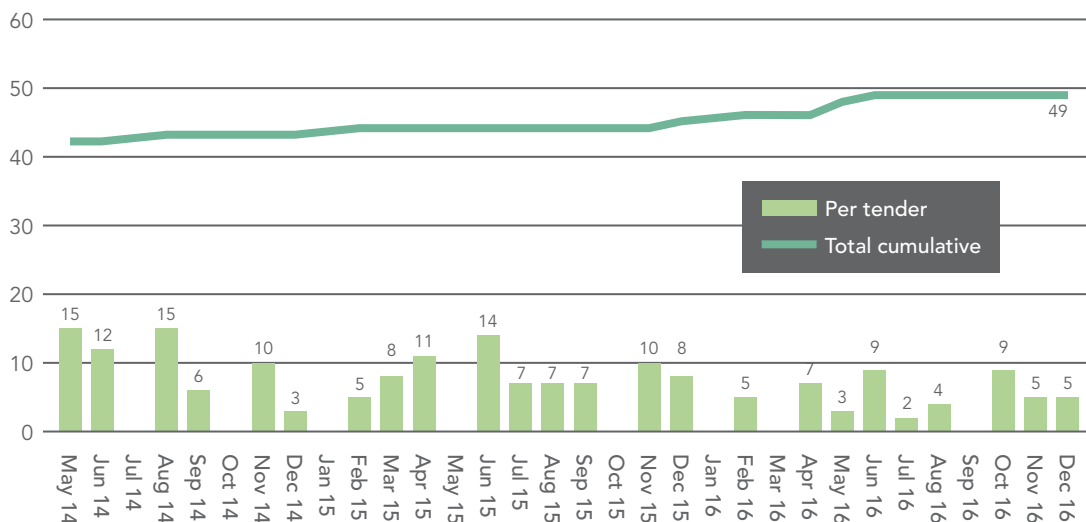
The impact from a lower interest rate environment is that LGFA has a lower cost of funds than previous years. Our cost of funds for the six-month period to 31 December 2016 is 3.31% compared to 3.57% for the 2015-16 year. While council borrowers benefit from lower borrowing costs, the dividend payment if calculated on the above cost of funds would be lower than previous years.

2.2 Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

Central Hawkes Bay District Council joined as a non-guarantor in the past six months bringing the total number of council members to 51. Councils have strongly supported LGFA and by 31 December 2016, 49 participating councils have borrowed from LGFA.

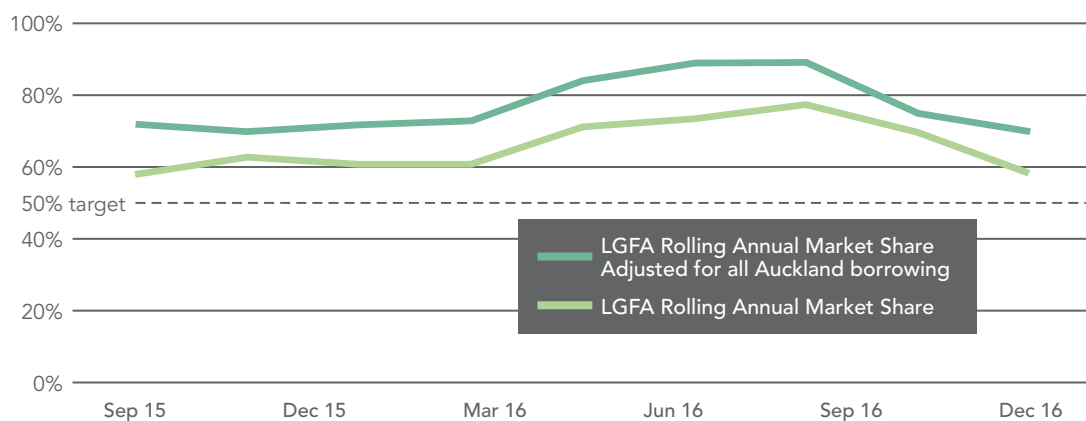
The strong council support for LGFA is demonstrated in the following chart which shows the progression of council participation

Participating councils



The following chart shows LGFA's share of new local government debt issuance and is derived from data provided by PwC. Our share of long-term borrowing by the sector including non-members of LGFA was 58% for the twelve-month period to 30 September 2016. The market share is influenced by the amount of debt issued by the sector's largest borrower, Auckland Council in its own name in the domestic market. If we exclude Auckland Council external borrowing from the data, then our estimated market share for the twelve-month period to 30 June 2016 was 69.6%.

LGFA Market Share – rolling one-year average (excluding short-term lending)



2.3 Issue a new long-dated LGFA bond (should one not be issued in the 2015/16 year)

The 2016-17 SOI was finalised before the issuance of a new April 2025 bond maturity in June 2016. Given our forecast borrowing programme we will consider issuing a further new long-dated bond maturity in the 2017 calendar year. The timing of issuance and the bond maturity will depend upon both council borrowing intentions and investor demand.

2.4 Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the Statement of Intent

Issuance and Operating Expenses for the six-month period to 31 December 2016 were \$3.199 million compared to a full year SOI budget of \$6.580 million. Management forecast for the six-month period was \$3.125 million.

Issuance and on-lending costs were slightly higher than budget (by \$51k) due to higher NZX listing costs relating to additional bond issuance associated with the introduction of the bond lending facility. Approved Issuer Levy (AIL) costs were slightly below budget (by \$26k). Operating costs were \$50k above budget, reflecting slightly higher treasury system and personnel costs.

2.5 Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

In the past six months, LGFA established a Health and Safety Staff Committee and reporting on health and safety issues is made to the LGFA Board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the six-month period.

The Kaikoura earthquake in November impacted buildings in the Wellington CBD. While the building that LGFA occupied was not structurally affected by the earthquakes, an asbestos contamination problem was discovered. As a result, staff are currently working from the Local Government New Zealand offices until it is safe to return to the LGFA offices.

2.6 Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same rating agency

LGFA met with both Standard & Poor's (S&P) and Fitch rating agencies in September 2016 as part of their annual review processes. S&P subsequently affirmed the long-term rating of LGFA at AA+ (stable outlook) on 20 October 2016 and Fitch affirmed the AA+ (stable outlook) on 15 November 2016.

Both the S&P and Fitch ratings reports are available on our website (lgfa.co.nz).

Both the S&P and Fitch ratings are the same as, and are capped by, New Zealand's sovereign credit ratings. Fitch has defined LGFA as a dependant Public Sector Entity and our credit rating is explicitly linked to the New Zealand Sovereign credit rating.

2.7 Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4 of the Statement of Intent

LGFA's financial results for key items set out in section 4 of the SOI for the six-month period to 31 December 2016 are:

In \$ million	31 Dec 2016 Six months actual	30 June 2017 SOI forecast
Net interest revenue	8.51	16.58
Issuance and operating expenses	(3.20)	(6.58)
Net Profit	5.31	10.00

Net interest revenue for the six month period is \$314k above management forecast due to timing issues and the early repayment of a December 2017 loan by a council borrower.

Issuance and operating expenses for the period are \$74k above management forecast.

2.8 Meet or exceed the Performance Targets outlined in section 5

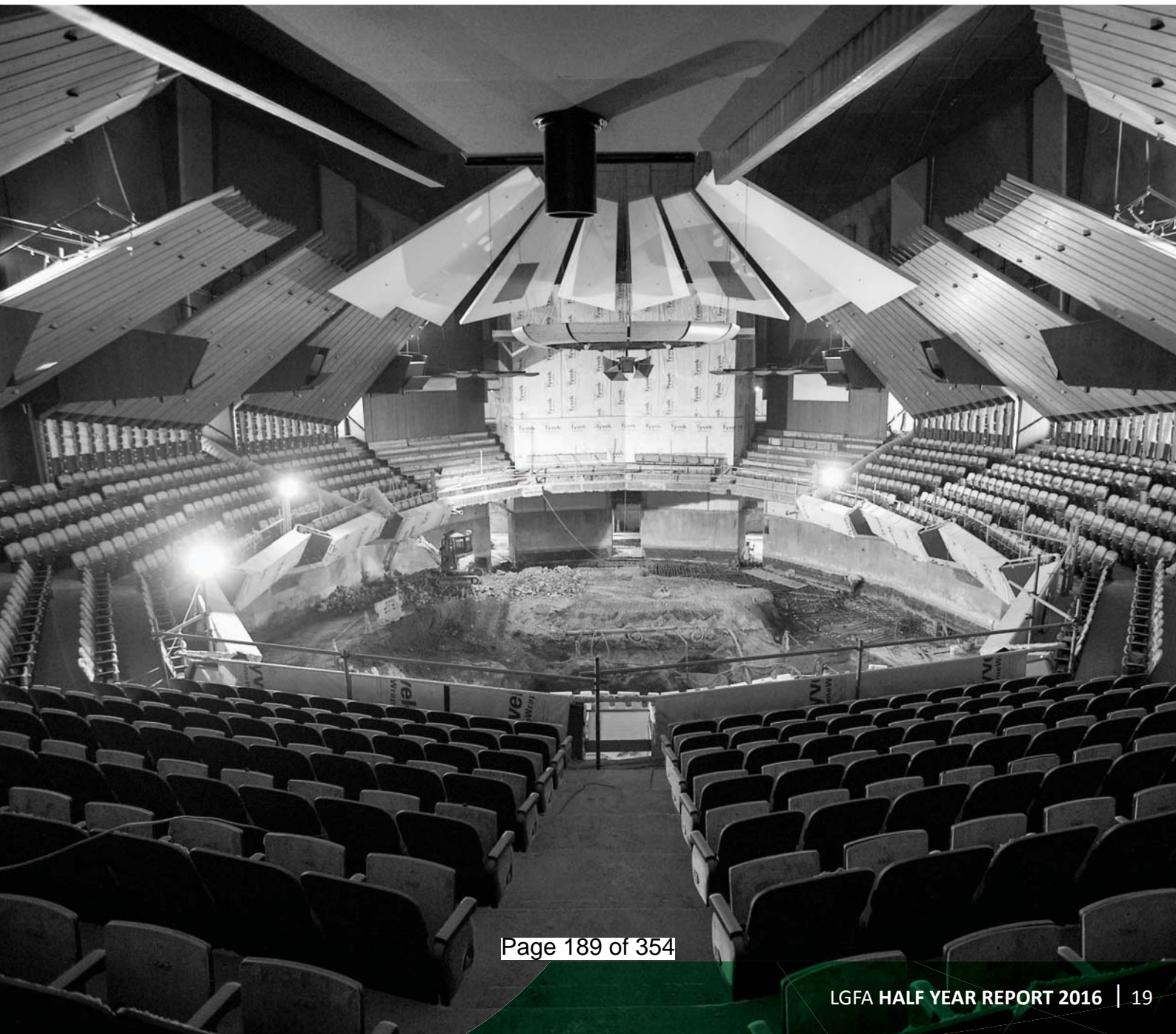
Current performance targets	Target	Result as at half year	Outcome
1 Average cost of funds on debt issued relative to New Zealand Government Securities for the 12-month period	≤0.50%	0.74%	No (i)
2 Average base on-lending margin above LGFA's cost of funds	≤0.10%	0.098%	Yes
3 Annualised issuance and operating expenses	≤\$4.80 million	\$2.260 million	Yes
4 Lending to participating councils	≥\$7,341 million	\$7,016 million	On track
5 Savings to council borrowers relative to other sources of financing and compared to previous years	Improvement	No additional savings in borrowing costs from June 2016 levels	No

- (i) The average cost of funds of all issuance for the twelve-month period ending 31 December 2016 relative to NZGS was 0.74%. This compares to a spread of 0.74% for the twelve-month period to 30 June 2016.

2.9 Comply with its Treasury Policy, as approved by the Board

LGFA was compliant at all times with the Treasury Policy for the six-month period ending 31 December 2016.

Christchurch Town Hall restoration project, scheduled for completion mid-2018. Christchurch City Council.





FINANCIAL STATEMENTS

The new library and community hub opened in Greerton last year. It is twice the size of the old library and is a modern, engaging and vibrant facility for the Greerton community.
Tauranga City Council.

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In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 24 to 38:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 December 2016, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial position of the Company and facilitates the compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Directors



C. Stobo, Director
24 February 2017



A. Foote, Director
24 February 2017

Statement of Comprehensive Income

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	2016 Unaudited	2015 Unaudited
Interest income from			
Cash and cash equivalents		272	635
Loans to local government		109,752	108,035
Marketable securities		1,304	598
Deposits		1,548	2,037
Derivatives		42,835	22,912
Fair value hedge ineffectiveness	2	-	-
Total interest income		155,711	134,217
Interest expense on			
Bills		2,582	542
Bonds		142,988	124,476
Borrower notes		1,584	1,606
Bond repurchases		46	-
Total interest expense		147,200	126,624
Net interest income		8,511	7,593
Operating Expenses			
Issuance and on-lending expenses	3	1,764	1,556
Operating expenses	4	1,435	1,268
Total expenses		3,199	2,824
Net operating profit		5,312	4,769
Total comprehensive income for the year		5,312	4,769

These statements are to be read in conjunction with the notes to the financial statements

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	Share capital	Retained Earnings	Total equity
Equity as at 30 June 2016	11	25,000	19,224	44,224
Net operating profit			5,312	5,312
Total comprehensive income for the year			5,312	5,312
Transactions with owners			-	-
Dividend paid on 15 October 2016			(1,392)	(1,392)
Equity as at 31 December 2016	11	25,000	23,144	48,144

For the six months ended 31 December 2015 (unaudited) in \$000s

	Share capital	Retained Earnings	Total equity
Equity as at 30 June 2015	25,000	11,287	36,287
Net operating profit		4,769	4,769
Total comprehensive income for the year		4,769	4,769
Transactions with owners			-
Dividend paid on 15 October 2015		(1,603)	(1,603)
Equity as at 31 December 2015	25,000	14,453	39,453

These statements are to be read in conjunction with the notes to the financial statements

Statement of Financial Position

As at 31 December 2016 (unaudited) in \$000s

	Note	31 December 2016 Unaudited	30 June 2016
Assets			
Financial assets			
Cash and bank balances		22,186	37,084
Borrower notes receivable		-	800
Loans to local government	5	7,064,966	6,451,332
Marketable securities		86,714	139,339
Deposits		103,745	89,828
Derivatives in gain		354,074	537,379
Non-financial assets			
Prepayments		827	535
Other assets	6	886	955
Total assets		7,633,398	7,257,252
Equity			
Share capital		25,000	25,000
Retained earnings		17,832	19,224
Total comprehensive income/ (deficit) for the period		5,312	-
Total equity		48,144	44,224
Liabilities			
Financial Liabilities			
Trade and other payables		241	182
Loans to local government not yet advanced		-	50,000
Accrued expenses		535	593
Bills		224,041	223,916
Bonds	7, 9	7,196,452	6,819,658
Borrower notes	8	118,487	108,415
Bond repurchases	9	3,714	-
Derivatives in loss		41,784	10,264
Total liabilities		7,585,254	7,213,028
Total equity and liabilities		7,633,398	7,257,252

These statements are to be read in conjunction with the notes to the financial statements

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	2016 Unaudited	2015 Unaudited
Cash flow from operating activities			
Cash applied to loans to local government		(662,866)	(746,138)
Interest paid on bonds issued		(166,281)	(134,839)
Interest paid on bills issued		2,582	542
Interest paid on borrower notes		-	(57)
Interest paid on loans		-	(26)
Interest paid on bond repurchases		(44)	-
Interest received from cash & cash equivalents		271	635
Interest received from loans to local government		108,984	108,270
Interest received from marketable securities		1,142	756
Interest received from deposits		1,630	1,966
Net interest on derivatives		63,224	32,147
Payments to suppliers and employees		(3,488)	(3,051)
Net cash flow from operating activities	10	(654,846)	(739,795)
Cash flow from investing activities			
Purchase of marketable securities		52,787	(89,745)
Purchase of deposits		(14,000)	(35,000)
Purchase of plant and equipment		69	(4)
Net cash flow from investing activities		38,856	(124,749)
Cash flow from financing activities			
Dividends paid		(1,392)	(1,608)
Cash proceeds from borrower notes		9,288	11,200
Cash proceeds from bonds issued		603,386	744,807
Cash proceeds from bills issued		(5,040)	147,868
Cash applied to bond repurchases		3,712	-
Cash applied to derivatives		(8,862)	(27,022)
Net cash flow from financing activities		601,092	875,245
Net (decrease) / increase in cash		(14,898)	10,701
Cash, cash equivalents and bank overdraft at beginning of year		37,084	31,708
Cash, cash equivalents and bank overdraft at end of year		22,186	42,409

These statements are to be read in conjunction with the notes to the financial statements

1 Statement of accounting policies

A REPORTING ENTITY

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are for the six-month period ended 31 December 2016.

These financial statements were authorised for issue by the Directors on 24 February 2017.

B BASIS OF PREPARATION

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

- NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

C FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

D OTHER ASSETS

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

E OTHER LIABILITIES

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

F REVENUE AND EXPENSES

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented 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 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 a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

G LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

H SEGMENT REPORTING

LGFA operates in one segment being funding of participating local authorities in New Zealand.

I JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

2 Hedge accounting

LGFA is exposed to interest rate risk from fixed rate borrowing and variable rate lending to councils. LGFA manages this interest rate risk through the use of interest rate swaps. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowing.

The gain or (loss) on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships is shown in the table below.

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Hedging instruments – interest rate swaps	134,733	127,024
Hedged items attributable to the hedged risk – fixed rate bonds	(134,733)	(127,024)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

3 Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
NZDMO facility fee	200	200
NZX	237	56
Rating agency fees	267	255
Legal fees for issuance	62	171
Regulatory, registry, other fees	18	14
Trustee fees	50	50
Approved issuer levy	865	751
Information services	65	59
	1,764	1,556

4 Operating expenses

Operating expenses are all other expenses that are not classified as 'Issuance and on-lending expenses.'

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Consultants	78	75
Directors' fees	174	144
Insurance	30	31
Legal fees	23	19
Other expenses	362	360
Auditor's remuneration		
Statutory audit	46	21
Advisory	4	-
Personnel	718	617
	1,435	1,268

5 Loans to local government

Includes loans and short-term loans to local government.

in \$000s	31 December 2016 Unaudited		30 June 2016	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	10,008	15,756	10,006	15,820
Auckland Council	-	2,382,378	-	2,158,614
Buller District Council	-	20,003	-	20,002
Canterbury Regional Council	-	25,090	-	25,036
Christchurch City Council	71,187	1,254,483	65,177	1,209,669
Far North District Council	-	20,112	-	10,040
Gisborne District Council	4,974	17,056	4,970	17,060
Gore District Council	6,025	6,037	6,026	6,042
Greater Wellington Regional Council	-	255,741	-	255,660
Grey District Council	-	20,606	-	20,655
Hamilton City Council	-	260,765	-	230,663
Hastings District Council	4,976	50,164	-	50,175
Hauraki District Council	-	34,124	-	34,133
Horizons Regional Council	-	10,014	-	10,015
Horowhenua District Council	10,011	52,894	7,007	47,870
Hurunui District Council	-	19,068	-	17,069
Hutt City Council	-	79,653	-	79,711
Kaipara District Council	4,974	43,182	-	35,156
Kapiti Coast District Council	-	190,582	-	150,471
Manawatu District Council	-	51,059	-	51,035
Marlborough District Council	20,836	63,206	-	28,067
Masterton District Council	2,005	44,158	3,002	44,169
Matamata-Piako District Council	-	24,568	-	24,573
Nelson City Council	-	45,193	10,007	35,171
New Plymouth District Council	-	61,180	-	61,193
Opotiki District Council	-	5,196	-	5,210
Otorohanga District Council	-	9,214	-	9,246
Palmerston North City Council	-	77,276	-	77,295
Porirua City Council	9,982	23,611	9,982	23,621
Queenstown Lakes District Council	7,074	76,277	-	76,371
Rotorua District Council	-	104,991	-	100,025
Selwyn District Council	-	35,054	-	35,056
South Taranaki District Council	-	62,218	9,989	62,234
South Wairarapa District Council	-	7,537	-	7,536
Taranua District Council	1,004	10,035	-	9,033
Tasman District Council	-	90,293	-	90,314
Taupo District Council	-	125,399	-	125,431
Tauranga City Council	39,807	307,035	-	277,009
Thames-Coromandel District Council	-	35,065	-	35,069
Timaru District Council	5,106	51,312	9,737	51,325
Upper Hutt City Council	-	29,629	-	24,591
Waikato District Council	-	70,250	-	60,212
Waimakariri District Council	10,010	75,816	10,005	75,861
Waipa District Council	21,673	13,017	-	13,018
Wellington City Council	-	278,930	-	233,884
Western Bay of Plenty District Council	-	70,219	-	70,233
Whakatane District Council	-	31,093	3,015	28,076
Whanganui District Council	-	66,283	-	41,162
Whangarei District Council	9,972	122,519	9,968	122,558
	239,624	6,825,342	158,891	6,292,441

6 Other assets

in \$000s	31 December 2016 Unaudited	30 June 2016
Property, plant and equipment	50	50
Intangible assets	836	961
Total other assets	886	1,011

7 Bonds issued

As at 31 December 2016 Unaudited in \$000s		Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 December 2017	6% coupon	1,015,000	16,062	2,844	-	1,033,906
15 March 2019	5% coupon	1,200,000	24,917	17,900	-	1,242,817
15 April 2020	3% coupon	635,000	(15,668)	4,082	-	623,414
15 May 2021	6% coupon	1,350,000	76,246	10,517	-	1,436,763
15 April 2023	5.5% coupon	1,330,000	72,688	15,675	-	1,418,363
15 April 2025	2.75% coupon	425,000	(19,380)	2,504	-	408,124
15 April 2027	4.5% coupon	860,000	30,039	8,293	-	898,332
Fair value hedge adjustment					134,733	134,733
Total		6,815,000	184,904	61,815	134,733	7,196,452

As at 30 June 2016 in \$000s		Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 December 2017	6% coupon	1,015,000	24,292	2,662		1,041,954
15 March 2019	5% coupon	1,180,000	29,129	17,315		1,226,444
15 April 2020	3% coupon	565,000	(18,322)	3,566		550,244
15 May 2021	6% coupon	1,320,000	79,629	10,115		1,409,744
15 April 2023	5.5% coupon	1,285,000	70,428	14,869		1,370,297
15 April 2025	2.75% coupon	100,000	(3,157)	579		97,422
15 April 2027	4.5% coupon	755,000	23,373	7,148		785,521
Fair value hedge adjustment					338,032	338,032
Total		6,220,000	205,372	56,254	338,032	6,819,658

8 Borrower notes

Borrower notes are subordinated debt instruments (which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings, excluding short-term loans, by that local authority).

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

9 Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

LGFA notifies the market on a monthly basis the amount of outstanding repurchase transactions and LGFA bonds held as treasury stock.

in \$000s		31 December 2016 Unaudited		30 June 2016	
		Treasury stock	Bond repurchase trades	Treasury stock	Bond repurchase trades
15 March 2019	5% coupon	46,500	3,714	-	-
15 April 2020	3% coupon	50,000	-	-	-
15 May 2021	6% coupon	50,000	-	-	-
15 April 2023	5.5% coupon	50,000	-	-	-
15 April 2025	2.75% coupon	50,000	-	-	-
15 April 2027	4.5% coupon	50,000	-	-	-
		296,500	3,714	-	-

10 Reconciliation of net profit to net cash flow from operating activities

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Net profit/(loss) for the period	5,312	4,769
Cash applied to loans to local government	(662,866)	(746,139)
Non-cash adjustments		
Amortisation and depreciation	2,999	1,261
Working capital movements		
Net change in trade debtors and receivables	59	51
Net change in prepayments	(292)	(481)
Net change in accruals	(58)	202
Net Cash From Operating Activities	(654,846)	(740,337)

11 Share capital

As at 31 December 2016 LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share.

As at 31 December 2016, the shareholding of the New Zealand Government had been fully paid up. For all other shareholders, 50% of the shareholding had been called.

in \$000s	31 December 2016		30 June 2016	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,960	8.3%	3,731,960	8.3%
Greater Wellington Regional Council	3,731,960	8.3%	3,731,960	8.3%
Tasman District Council	3,731,960	8.3%	3,731,960	8.3%
Tauranga City Council	3,731,960	8.3%	3,731,960	8.3%
Wellington City Council	3,731,960	8.3%	3,731,960	8.3%
Western Bay of Plenty District Council	3,731,960	8.3%	3,731,960	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Wanganui District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

12 Related parties

Identity of related parties

The Company is related to the local authorities set out in the Shareholder Information by shareholding.

The Company operates under a Statement of Intent with the respective local authorities that requires the Company to optimise the debt funding terms and conditions for participating local authorities.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

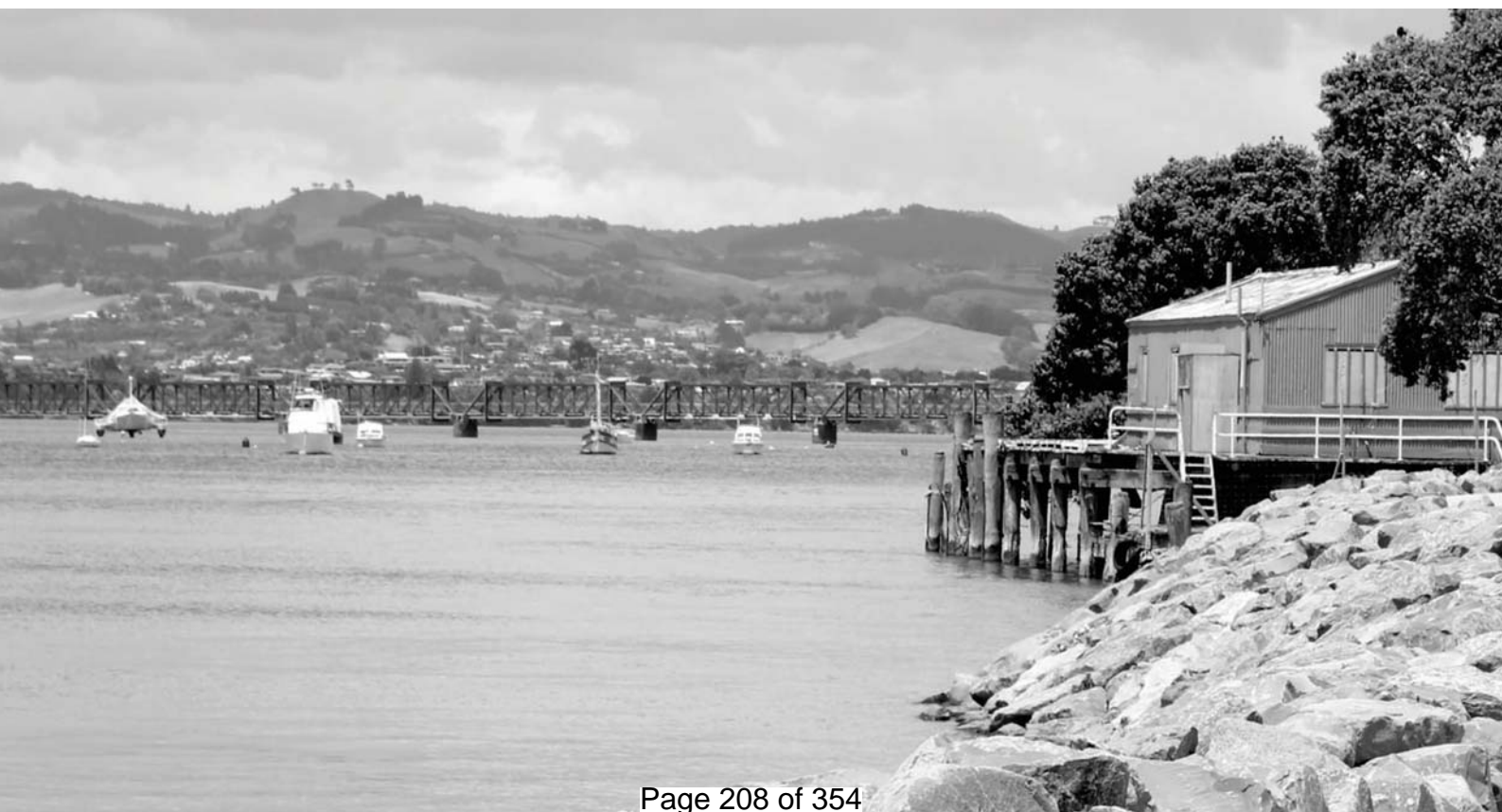
Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognised on this lending is shown in the Statement of Comprehensive Income. The requirement for participating councils to subscribe to LGFA borrower notes is disclosed in note 8, and the interest expense on these is shown in the Statement of comprehensive income.

13 Subsequent events

There have been no significant events after balance date that have affected the accuracy of these financial statements.

Subsequent to balance date, LGFA has issued \$160 million in bonds through a tender on 15 February 2017



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Below: The Dive Crescent project, to replace a dilapidated seawall, also gave Council the opportunity to include a three-metre wide shared pedestrian/cycle path as part of the overall design. Tauranga City Council.

Back cover: Major capital projects for Christchurch in 2016 included the completion of many new community centres, such as the Governors Bay Community Centre. Christchurch City Council.





APPENDIX 2

LGFA Letter to Shareholders Council re 2017-18 SOI Letter of Expectation

22 February 2017

Alan Adcock
Chairman
LGFA Shareholders Council

Dear Alan,

LGFA STATEMENT OF INTENT 2017/18

Thank you for the letter of expectations from the Shareholders Council outlining suggestions that the LGFA Board and management should consider when drafting the 2017/18 Statement of Intent ("SOI").

We have considered and now respond to the Shareholders Councils views and comments in the following order as outlined in your letter

1. The board agrees that the refinancing of the loans by councils maturing on 15th December 2017 and related refinancing of the 15th December 2019 LGFA bonds is the most significant issue to be managed by LGFA in the coming year. Staff have been in contact with councils and their advisers, outlining the various alternatives and have already undertaken some refinancing with councils. The LGFA board is receiving regular updates from management on progress on managing this issue.
2. LGFA will continue to assist the sector where possible in engaging with Central Government on the Housing Infrastructure Fund and any other relevant issues. LGFA must however act in the best interests of councils as LGFA guarantors (not borrowers) and to retain the confidence of investors.
3. LGFA management and directors also value and appreciate the open relationship with the Shareholders Council and will meet the information requirements of the Shareholders Council in a timely manner.
4. We will undertake a board review in the 2017/18 year with a focus on succession planning.
5. Constancy of objectives and intentions. We agree with your comments and you will note that there have been no changes proposed to the Draft SOI in terms of the objectives except the removal of the target of LGFA spreads to New Zealand Government Bonds. We have also amended the objective regarding LGFA lending at least 50% of Participating Local Authorities long term debt funding to the same % but to that of the sector.
6. We believe that we are objectively measuring savings on borrowing costs by reporting in the Quarterly Reports the spread between LGFA bonds and those of Auckland and Dunedin Councils. We have however made the measurement of this objective clearer in the Draft SOI and have also proposed including the spread between registered banks and LGFA as an additional measure. We intend to remove the use of the "LGFA effect" going forward as this

was a subjective measure of the impact on council borrowing spreads from LGFA first issuing bonds in early 2012.

7. Treasury Policy – we closely monitor the credit position of each council borrower and make councils aware of our preference for headroom under the financial covenants.
8. Treasury Policy – we are currently reviewing the possibility of a downgrade to the credit ratings of the registered banks and the implications for LGFA under our Treasury Policy. This may lead to us approaching shareholders (if required) to make necessary changes to the Treasury Policy at some stage in the 2017/18 year.
9. We will continue to provide financial information to the Shareholders Council and in the Quarterly Reports that go beyond the SOI requirements provided we do not breach our commercial, strategic or regulatory requirements.
10. We will promptly advise the Shareholders Council, shareholders and guarantors of any actual or potential breach by a Participating Local Authority.

Thank you for providing us with the Letter of Expectations and we have taken your comments and suggestions on board when drafting the 2017/18 SOI.

The LGFA Board and management are confident that we can continue to deliver value to the sector and appreciate the support of and interaction with yourself and the Shareholders Council. We look forward to working together to continue the strong performance and success of the company for the benefit of the Participating Local Authority members.

Regards



Craig Stobo
Chairman

APPENDIX 3

LGFA Draft Statement of Intent 2017-18

Draft Statement of Intent 2017/18

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, 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.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and visit each Participating Local Authority on an annual basis;
- LGFA will analyse finances at the Council group level where appropriate
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues.

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
- Meet or exceed the Performance Targets outlined in section 5; and
- Comply with its Treasury Policy, as approved by the Board.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2020 are:

FINANCIAL YEAR (\$M)

Comprehensive income	Jun-18	Jun-19	Jun-20
Interest income	240.60	251.22	258.46
Interest expense	223.18	233.93	243.16
Net Interest income	17.43	17.29	15.30
Issuance and on-lending costs	2.29	2.32	2.35
Approved Issuer Levy	1.84	1.57	1.17
Operating expenses	2.97	3.06	3.15
Issuance and operating expenses	7.10	6.96	6.67
P&L	10.33	10.34	8.63

Financial position (\$m)	Jun-18	Jun-19	Jun-20
Capital	25.00	25.00	25.00
Retained earnings	36.57	45.41	52.53
Total equity	61.57	70.41	77.53
Dividend provision	1.50	1.50	1.50
Total assets (nominal)	8,131.17	8,189.67	8,308.17
Total LG loans - short term (nominal)	260.00	260.00	260.00
Total LG loans (nominal)	7,604.00	7,653.00	7,805.00
Total bills (nominal)	350.00	350.00	350.00
Total bonds (nominal)	7,585.00	7,635.00	7,745.00
Total borrower notes (nominal)	121.66	122.45	124.88

Note that there is some forecast uncertainty around the timing of Net Interest Revenue, Net Profit, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their March 2019 and April 2020 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:
 - 30 June 2018 will be no more than 0.10%.
 - 30 June 2019 will be no more than 0.10%.
 - 30 June 2020 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2018 will be less than \$5.26 million.
 - 30 June 2019 will be less than \$5.39 million.
 - 30 June 2020 will be less than \$5.50 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2018 will be at least \$7,864 million.
 - 30 June 2019 will be at least \$7,913 million.
 - 30 June 2020 will be at least \$8,065 million.
- Savings on borrowing costs for council borrowers:
 - LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

¹ Subject to the forecasting uncertainty noted previously

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board will comprise between four and seven directors with a majority of independent directors.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no less than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring

² Best practice as per NZX and Institute of Directors guidelines

their approval.

- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the

full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2015-2016 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. Reporting Entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2016.

These financial statements were authorised for issue by the Directors on 20 September 2016.

b. Statement of Compliance

LGFA is an issuer in terms of the Financial Reporting Act 1993. The financial statements comply with the Financial Reporting Act 1993, in accordance with the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

c. Basis of Preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:
NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight line basis over the estimated useful life of the software (3 to 7 years). Costs associated with maintaining computer software are recognised as expenses.

f) Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g) Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented 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 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 a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

SUPPORTING DOCUMENT - LGFA Annual Report 2015/16

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Bay of Plenty Local Authority Shared Services (BOPLASS) Draft Statement of Intent 2017/18, and Half Yearly Report 2016/17

Executive Summary

BOPLASS is a Council Controlled Organisation (CCO). Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year.

The cover letter and draft Statement of Intent 2017/18 sets out Objectives, and the nature and scope of activities, and the performance targets, and financial forecasts for 2017/18, 2018/19, and 2019/20.

The overall objectives and vision for BOPLASS continue to be supported, and although not the only model for service delivery, it is a useful and sometimes effective one especially on the shared procurement. BOPRC staff have pushed firmly to explore further shared service opportunities with BOPLASS Councils. This has culminated in a workshop where six potential shared service opportunities were identified and are currently being investigated and will be followed up accordingly.

Performance targets set out for the SOI are intended to provide targets and measures to ensure on-going reporting and monitoring of organisational effectiveness. The draft SOI 2017/18 continues to represent maintaining the current practice of making strong financial savings from joint procurement initiatives, although not realising the full potential for shared services opportunities.

It is recommended that the Regional Council makes suggested comments to the BOPLASS Board when considering finalising the SOI 2017/18: The need for an independent review of the governance arrangements and performance of BOPLASS, and BOPRC wish to re-iterate our position that we strongly encourage the Board to maximise shared services opportunities that will provide organisational savings and efficiencies for our ratepayers, with more drive and progress in shared services provision from the participating councils.

Appendix 3 provides the Half Yearly Report which reviews the performance for the six months from July to December 2016. A number of initiatives are currently underway including the significant on-going savings achieved through joint procurement.

Recommendations

That the Regional Council:

- 1 **Receives the report, Bay of Plenty Local Authority Shared Services (BOPLASS) Draft Statement of Intent 2017/18, and Half Yearly Report 2016/17;**
- 2 **Notes the Half Yearly Report to 31 December 2016;**
- 3 **Notes the draft SOI 2017/18;**
- 4 **Provides to the BOPLASS Board the feedback set out in Section 2 of this report prior to the Board finalising the SOI 2017/18**

1 Background

BOPLASS is a Council Controlled Organisation (CCO). Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year. The Bay of Plenty Regional Council, as a shareholder, then has up to two months to make comments on the draft.

The CCO Board must consider these comments and deliver a final Statement of Intent to shareholders before the 30 June 2017.

2 Draft Statement of Intent 2017/18

The cover letter and draft Statement of Intent 2017/18 is attached as Appendix 1 and 2 to this report and includes:

- Objectives,
- Nature and Scope of Activities,
- Governance
- Future developments,
- Performance targets, and
- Financial forecasts for 2017/18, 2018/19, and 2019/20.

The overall objectives and vision for BOPLASS continue to be supported, and although not the only model for service delivery, it is a useful and sometimes effective one especially on the shared procurement.

The shared service opportunities and joint procurement exercises run by BOPLASS for willing participants is expected to provide on-going savings and value to shareholding councils. This is underpinned by the collaboration portal which provides greater visibility of what each council is working on and provides greater opportunities for councils to form '*coalitions of the willing*' to work on shared initiatives together.

BOPRC are committed to shared service opportunities across the Bay where they make sense from an economic and/or an increased customer experience. We currently provide shared services for Ōpōtiki and Kawerau District Councils which

include: GIS, Communications, Human Resources and ICT Infrastructure and people support.

At the executive level BOPRC staff have pushed firmly to explore further shared service opportunities with BOPLASS Councils. This has culminated in a workshop where six potential shared service opportunities were identified and are currently being investigated and will be followed up accordingly. At this time we are unsure of the commitment of the other Councils to forging ahead with these opportunities. We will report back to Council at a later date on progress.

Success stories to date include:

- Shared GIS Aerial photography
- Internal audit KPMG contract
- Collaboration Portal
- Printing and Print Room contract through Konica Minolta.
- Insurances through Aon.
- Health and Safety Contractor prequalification and training for all BOP councils under the new act.

Performance targets set out for the SOI are intended to provide targets and measures to ensure on-going reporting and monitoring of organisational effectiveness.

Suggested SOI feedback

The draft SOI 2017/18 continues to represent maintaining the current practice of making strong financial savings from joint procurement initiatives, although not realising the full potential for shared services opportunities.

While the current operating model is in place it is not clear how effective change will be made. It is therefore recommended that the Regional Council makes the following suggested comments to the BOPLASS Board when considering finalising the SOI 2017/18:

- The need for an independent review of the governance arrangements and performance of BOPLASS, and fully exploring opportunities that should be actively progressed
- BOPRC wish to re-iterate our position that we strongly encourage the Board to maximise shared services opportunities that will provide organisational savings and efficiencies for our ratepayers, with more drive and progress in shared services provision from the participating councils.

It is clear from the draft SOI that the restricted resources of BOPLASS staff (who have done a great job with existing capacity to get us to our current position) will continue to be a limiting factor if we are to move forward, and do more.

3 2016/17 Half Yearly Report

BoPLASS is a Council Controlled Organisation (CCO). The CCO's Statement of Intent and the Local Government Act 2002 requires it to report performance to Council half yearly and annually.

Appendix 3 provides the Half Yearly Report which reviews the performance for the six months from July to December 2016.

A number of initiatives are currently underway including the significant on-going savings achieved through joint procurement.

The report has the following highlights:

- That the Board reports that all performance targets are achieved, or on track to be achieved for the year
- There are a range of initiatives reported under Section 7 of the half yearly report that demonstrates good progress

4 Council's Accountability Framework

4.1 Community Outcomes

BOPLASS contributes to Community Outcomes in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is planned under the Corporate Services Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2016/17.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2015-2025.

Mat Taylor
General Manager, Corporate Performance

11 April 2017

APPENDIX 1

**Bay of Plenty Local Authority Shared Services -
BOPLASS Ltd - Statement of Intent 2017 to 2018 -
DRAFT - Cover Letter - February 2017 - BOPRC - 28
February 2017**

“COUNCILS PARTNERING FOR VALUE AND SERVICE”



27 February 2017

Mary-Anne Macleod
Chief Executive Officer
Bay of Plenty Regional Council
PO Box 364
WHAKATANE 3158

BOPLASS Ltd
C/- Tauranga City Council
Willow Street
Tauranga

PO Box 13056
Tauranga Central
Tauranga 3141
Phone 07 577 7342
www.boplass.govt.nz

Dear Mary-Anne

The primary document setting out the company's strategic direction is the Statement of Intent which is required to be consulted on and approved by Directors each year. Schedule 8 (9) of the Local Government Act 2002 sets out the content of the document which must cover the next three financial years.

A formal draft document has been approved by the Board for circulation to Shareholders by 1 March 2017. Following the two months allowed for submissions the Directors must consider any submissions made by Shareholders and approve a final document by 30 June 2017.

The approved draft is attached and is now circulated for Shareholder comment. The council's Chief Executive is the Shareholder representative and will be responsible for representing the views of the council to the Board in writing prior to 30 April 2017.

We believe that the document realistically deals with the challenges facing the company, identifies ways in which it can contribute value to its constituent councils and reflects an awareness of the challenges facing Local Government.

We look forward to any submissions your council wishes to make.

Regards

Stephen Boyle
BOPLASS Ltd

APPENDIX 2

Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Statement of Intent 2017 to 2018 - DRAFT - 28 February 2017



BOPLASS Ltd

STATEMENT OF INTENT FOR 2017-2018



June 2017

Draft approved _____ 2017

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

Page 243 of 354

1 Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002, is:

- A public declaration of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- This Statement of Intent covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2 Background

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a CCO to investigate, develop and deliver Shared Services, Joint Procurement and communications where and when that can be done more effectively for any combination of some or all of the councils.

The expected benefits that can be achieved through Shared Services are:

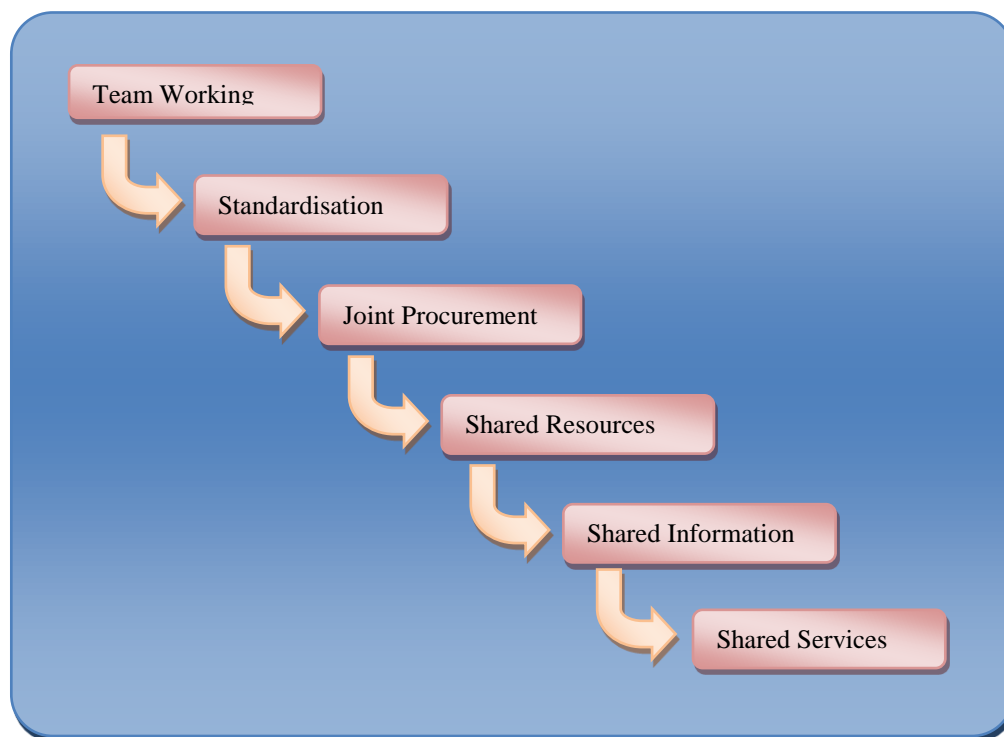
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement;

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. It is not therefore possible to create Shared Service solutions instantly for these services. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- Enhance the capability to provide Shared Services,
- Encourage the elimination of barriers to collaborative action and
- Provide Shared Services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of Shared Services within the councils.

Examples of procurement and projects to support the delivery of Shared Service have been:

- Establishment of 1GB fibre Inter Council Network (ICN)
- Information Services Strategic Plan
- GIS ESRI enterprise agreement
- GIS software standardisation
- Security and technology policies
- Data centre and hosting services
- Electronic purchasing
- Reprographic equipment

- Aerial photography
- Voice and data services
- Video conferencing
- IT applications and software
- Collaboration Portal
- Historic aerial imagery archiving
- After hours call management
- Health and Safety
- Internal audit services
- Solid waste services

3 Our Vision

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

4 Objectives of BOPLASS Ltd

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.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5 Nature and Scope of Activities

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

- Establish the underlying technology, framework, platform and policies to enable and support the delivery of Shared Services.
- Use Joint Procurement to add value to goods and services sourced for its constituent councils.

- Facilitate Shared Services 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.

6 Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and 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 council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. 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.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Mary-Anne Macleod
Gisborne District Council	Judy Campbell
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua District Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Garry Poole
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Marty Grenfell
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has been established by the Directors as an Operations Committee to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Each Shared Service is subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the Operations Committee. In considering Joint Procurement initiatives the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

7 Future Developments

BOPLASS Ltd will continue to work on business cases for Joint Procurement and Shared Services that may be provided in the region.

BOPLASS Joint Procurement opportunities will be actively pursued to ensure maximum savings and benefits continue to be delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

Identification of Shared Service opportunities and the development of existing services will continue as a priority, with councils participating on an opt-in basis. The Board will be looking for commitment from councils to participate in Shared Services and to provide a lead in the identification and management of Shared Services projects.

BOPLASS will also proactively explore opportunities to partner with other local authorities and Shared Services organisations within NZ where they are either developing or considering developing cost effective Shared Services or Joint Procurement initiatives involving products or services that are of value to the BOPLASS councils.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, is being made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

ICT Shared Services strategy:

BOPLASS has previously been involved in an information services strategy that included an intention to align the member councils' ICT back-office systems as one. This presented an opportunity for standardised in-house IT systems and processes. Although there is no Enterprise Application across all the BOPLASS councils, there has been a certain amount of alignment of systems. For example, eight of the nine BOPLASS councils now use Objective as their electronic document and records management system (EDRMS) system and all councils use ESRI ArcGIS as their GIS platform, along with various GIS add-on packages procured through BOPLASS.

The goal of one-system for all has not been able to be achieved for a number of reasons; primarily being the changes in technology, along with the impact and disruption to council business, plus the cost to change to one-system.

Taking the example of Auckland Council, one of the goals of the amalgamation was to bring all the ICT systems into one-system. However the cost to do this has increased greatly from what was originally estimated, and progress has proved difficult.

There are a number of avenues being explored by BOPLASS and the councils to provide a one-system solution without the need to overhaul all council systems. This can now be achieved through using "middleware" solutions that provide a link from the council application to a shared platform. For example, although councils may have the same GIS software, due to historic council naming schemas for infrastructure it is difficult to combine all council GIS systems. Through using middleware software that provides a "translation" of schemas the

information can be converted without councils needing to change their underlying technologies, which in turn can assist with the delivery of a single platform to the public and for inter-council sharing.

With the advent of cloud services, such as Infrastructure-as-a-Service (IaaS) and Office365, there is scope for councils' services to still be independent but use the same underlying infrastructure, which in turn has the potential to lead to the development of Shared Services.

The BOPLASS Collaboration Portal project is an example of this. The Regional Councils also have a similar project with similar requirements for their member councils. Both projects are delivering their respective solutions as independent services, but they are using the same underlying cloud solution on the Office365 platform and sharing the costs, administration, etc. As these separate instances are using the same platform, this also provides the potential for both of these projects to join in the future as one solution.

BOPLASS will continue to explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

Where it is practicable, BOPLASS will work with other LASSes or councils in developing shared service ICT strategies and/or leverage off, or participate in services established by other collective local government groups.

8 Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix A.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
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 breadth of BOPLASS collaboration.	Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.	All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.	Engage external party to complete independent review of BOPLASS governance.	Affirmative feedback received from shareholding councils following 2017/18 governance review.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

9 Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2016 the consolidated Shareholder funds comprised \$48,297 and the total assets were \$1,060,127. The resulting ratio is 4.6%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

10 Accounting Policies

10.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

10.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

10.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

10.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.

- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.
- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

11 Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

12 Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

13 Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

14 Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

15 Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has little or no commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that that fairly represents the value of their investment.

The Directors will reassess the value of this shareholding on or about the 1st of March each year.

16 Financial Forecasts

The Forecast Financial Statements for the years 2017-2020 are included.

Core revenue includes the recovery of costs for BOPLASS salaried staff when seconded to individual council projects.

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2017/18				
	Budget 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20
REVENUE				
Revenue - Core	336,510	335,510	335,510	335,510
Bank Interest Received	3,000	2,000	2,000	2,000
Council Contribution	273,510	273,510	273,510	273,510
Sales of Service	60,000	60,000	60,000	60,000
Revenue - Projects	1,413,000	1,376,500	1,711,500	1,411,500
Activity Group Fees	32,000			
Aerial Photography Income	400,000	300,000	600,000	300,000
Bank Interest Received	20,000	16,500	16,500	16,500
Collaboration Portal		125,000	140,000	140,000
Lease Income - ICN	310,000	280,000	280,000	280,000
Lease Income - Video Confer.	13,000	13,000	13,000	13,000
Rebates	8,000	12,000	12,000	12,000
Recoveries	630,000	630,000	650,000	650,000
Total Operating Revenue	1,749,510	1,712,010	2,047,010	1,747,010
EXPENSES				
Expenditure - Core	431,900	460,300	460,900	460,900
ACC	3,500	1,500	1,500	1,500
Accommodation & Travel	1,500	1,500	1,500	1,500
Accounting & Audit	15,000	17,500	17,500	17,500
Administration	22,000	24,000	24,000	24,000
Amortisation		21,400	22,000	22,000
Bank Fees	400	400	400	400
Catering Expenses	2,000	2,000	2,000	2,000
Conferences	2,000	2,000	2,000	2,000
Depreciation	0	0	0	0
Directors costs	15,000	18,000	18,000	18,000
Fringe Benefit Tax	8,000	7,800	7,800	7,800
Health and Safety		1,000	1,000	1,000
Insurance	8,000	8,000	8,000	8,000
Interest Paid - TCC Loan	5,000	1,000	1,000	1,000
Legal	2,000	2,000	2,000	2,000
Postage & Stationery	100	100	100	100
Salaries	320,000	325,000	325,000	325,000
Staff Support Costs	20,000	20,000	20,000	20,000
Staff Training Costs	2,000	2,000	2,000	2,000
Subscriptions	600	600	600	600
Tax Advice	4,800	4,500	4,500	4,500
Expenditure - Projects	1,316,610	1,251,710	1,586,110	1,286,110
Aerial Photography Expense	400,000	300,000	600,000	300,000
Collaboration Portal Opex		69,100	83,500	83,500
Consultants	4,000			
Lease Expense - ICN	300,000	270,000	270,000	270,000
Lease Expense - Video Confer.	12,610	12,610	12,610	12,610
Projects - Recoveries	600,000	600,000	620,000	620,000
Total Operating Expenditure	1,748,510	1,712,010	2,047,010	1,747,010
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement

- × Office supplies
- × Banking
- × Postal services
- × Courier services
- × Fuel
- × Advertising services
- × Travel and accommodation services
- × Air travel
- × Insurance brokerage
- × Aerial photography
- × N3 / GSB
- × ESRI licences
- × GIS software
- × Health insurance
- × Antivirus software
- × Video conferencing
- × GPS vehicle tracking
- × Archaeological services
- × Telephony – voice, data, mobile
- × Reprographic – printers/copiers
- × Infrastructure insurance
- × Media monitoring services
- × EFTPOS services
- × Historical imagery digitisation
- × On-line services
- × Internal audit services
- × Health and safety training services
- × Risk management workshops

Identified Joint Procurement Projects

- × Civil works contracts
- × Civil works materials
- × Infrastructure valuation services
- × High volume print
- × Web services
- × Electronic document management
- × Archives
- × Document storage
- × Document scanning
- × Agenda management software
- × ICT security policies
- × Business continuity
- × IT applications
- × Web services
- × Rates collection
- × Property valuation services
- × GIS software
- × Telephony platform
- × Chemicals
- × Digital signatures
- × Recruitment/candidate management
- × Surveys and research
- × CCTV monitoring
- × EMA membership
- × Security services
- × Fleet purchasing
- × Fleet Management
- × Environmental insurance

Shared Service Projects

Managed by BOPLASS or by one or more constituent councils

- × IT hosting / datacentre
- × Internal audit services
- × GIS web services
- × Project management office
- × Shared licence server
- × Contractor H&S prequalification
- × Radio telephony strategy
- × Collaboration portal
- × After hours call management
- × Archive service
- × Health and safety auditing
- × Inter-council network
- × Smart cities
- × Section 17a reviews
- × Video conferencing
- × GIS imagery data storage
- × Solid waste services
- × Historic aerial imagery

Shared Service Projects for Consideration

- × Rates Collection
- × Geospatial services
- × Joint software support
- × Asset Management
- × Web services
- × E-Purchasing
- × Payroll
- × Telephony platform
- × Consents Processing
- × CCTV monitoring
- × Information Services
- × Debt collection
- × Electronic Document and Records Management System
- × Business continuity planning
- × Infrastructure development codes
- × Inter-council H&S audits
- × Document digitalisation

APPENDIX 3

BOPLASS Half Yearly Report to Shareholders 31 December 2016



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2016

“COUNCILS PARTNERING FOR VALUE AND SERVICE”

Page 261 of 354



BOPLASS Chair's Report

It is with pleasure the Directors present their 2016/2017 Half Yearly Report to Shareholders demonstrating the continuing contribution the company makes to collaboration between councils.

There has been only one change to the Board this year and we welcome the Taupo District Council Chief Executive, Gareth Green, to the Board as Director and Shareholder Representative.

The Board have recently completed a strategic review of BOPLASS and examined the opportunities for further shared services collaboration within the councils and also the opportunity to further develop inter-regional collaboration. BOPLASS has been very successful in engaging with other LASS and councils, with a number of recent inter-regional projects completed or undertaken in: health and safety, solid waste, historic aerial imagery, printers, ICT strategy and insurance. The historic aerial photography site, Retrolens, is a great example of councils identifying a common need and then working together to build a single infrastructure and service available to all councils and their communities. The Board sees an opportunity to further extend inter-regional collaboration in this manner and to continue to engage with councils from neighbouring regions or further afield.

While BOPLASS councils continue to leverage benefits through the Collaboration Portal, the sharing of the Portal to additional LASS and councils this year has led to improved visibility of inter-regional opportunities for collaboration and has provided an easily accessible platform for the sharing of council and project information across a wide audience of councils. This sharing through the Collaboration Portal directly assists in further reducing duplication of effort across the councils and opens up the opportunity for further inter-regional collaboration in shared services or joint procurement. The BOPLASS Collaboration Portal is quickly proving to be a valuable tool in NZ Local Government collaboration.

BOPLASS has continued to utilise the availability of All of Government (AoG) contracts in procurement and has ensured these are given early consideration in any procurement initiatives. BOPLASS has a number of active procurement opportunities either in the formative stage or about to go to tender. Additional information about current projects is available in the attached report.

With BOPLASS now managing a number of procurement contracts on behalf of the councils, the Board have placed importance upon reviewing, renewing or replacing these contracts to ensure appointed vendors remain competitive and continued best value is returned to our shareholding councils. Contracts for GIS software, network services and aerial photography have been awarded during the first six months of this year; with all contracts providing further benefits and savings to the participating councils.

The company continues to enhance its reputation as a leader in the provision of collaborative services within Local Government and we thank the staff from the participating councils for the support we receive from them.

Yours faithfully

Craig O'Connell

Chair



BOPLASS Ltd

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

HALF YEARLY REPORT TO SHAREHOLDERS

21 FEBRUARY 2017

1 INTRODUCTION

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent. The following report records the objectives of the company and reports on performance against a table of specific performance requirements set out in the Statement of Intent.

2 OBJECTIVES OF BOPLASS LTD

The company exists to provide councils in the Bay of Plenty and Gisborne regions with an umbrella vehicle to investigate, procure, develop and deliver shared services.

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.

These will be achieved primarily through:

JOINT PROCUREMENT

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

SHARED SERVICES

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3 GOVERNANCE

In the year to date the governance structure has remained stable with the only change being the appointment of the Taupo Chief Executive, Gareth Green, to the Board as Director and Shareholder Representative.

4 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.*
- *Facilitate shared services 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.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

5 FUTURE DEVELOPMENTS

BOPLASS Ltd will continue to work on business cases for joint procurement and shared services that may be provided in the region.

The Board has adjusted its strategy to ensure that BOPLASS is focused on lifting the effort on shared services and innovation and delivering wider value than just procurement savings.

Current feasibility studies for shared services include but are not limited to:

- GIS;
- ICT strategy and services;
- Joint software support;
- High speed fibre network services;
- After hours call management;
- Collaboration Portal;
- Archive services;
- Health and safety;
- Radio-telephony;
- Security services;
- Internal audit services;
- IT datacentre/hosting;
- Solid waste services.

Other shared services may be provided after the Board has considered each individual business case and formally agreed to take on and deliver (or host/procure etc.) the shared service.

Joint procurement opportunities will continue to be identified and developed with individual councils engaging under the opt-in principle established by the Board. Joint procurement initiatives

will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

The Board supports BOPLASS continuing to develop collaboration opportunities outside of the regional boundaries. BOPLASS will continue to proactively explore opportunities to partner with other Local Authorities and shared services organisations within New Zealand where they are developing, or considering developing, cost effective shared services and products that are of value to the Bay of Plenty and Gisborne councils.

BOPLASS development of the Collaboration Portal for the sharing of information on shared services or joint procurement opportunities within the constituent councils has identified a number of duplicate projects across councils that present an opportunity for further collaboration. BOPLASS has now extended the Collaboration Portal membership to other LASS and councils; greatly assisting with the identification and management of inter-regional collaboration opportunities. BOPLASS will continue to develop the Collaboration Portal and make it available to the wider local government community.

The BOPLASS Operations Committee will continue to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation. The committee members will also be responsible for identifying additional BOPLASS projects that add value to the shareholding councils and advocating these projects within their respective councils.

6 PERFORMANCE TARGETS

To ensure the company continues to operate effectively in both governance and management terms over the next three years the current SOI targets are to:

- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Provide support to BOPLASS councils that are managing or investigating shared services projects.
- 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 breadth of BOPLASS collaboration.
- Ensure appointed vendors remain competitive and continued best value is returned to shareholders.
- Review governance performance and structure to ensure it supports BOPLASS' strategic direction.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

The Board believes that all targets are being achieved or are on-track to be achieved, as is demonstrated by the following list of current initiatives.

7 CURRENT INITIATIVES

The following initiatives have been under consideration or operating during the first part of the year:

HIGHLIGHTS

- Historic Aerial imagery – Following the BOPLASS facilitated project for the back-scanning of the region's historic aerial imagery from 1930s to mid-2000s, councils required a service for storage of the imagery and to provide free access to their communities. Working in conjunction with the Local Government Geospatial Alliance, a portal has been developed specifically for the storage and delivery of the region's historical aerial imagery. The portal has been branded 'Retrolens' www.retrolens.co.nz. By collaborating with the other councils a great public resource has been created that would have been otherwise unaffordable had each council tried to do the project on its own.
- Infrastructure Insurance – BOPLASS recently represented a collective group of 39 councils in negotiations for placement of councils' infrastructure insurance in the London markets. With a total insured value of \$16 billion significant leverage was obtained and, despite increased limits and higher insured values for the BOPLASS councils, a 16% reduction of premiums was achieved for our councils. BOPLASS was able to secure an option for a two-year rate agreement enabling these savings to be locked in.

BOPLASS has also been managing a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.

In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage has also been secured through the London markets.

- Environmental Insurance / Gradual Contamination Insurance – A LASS level project to provide environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st & 3rd party loss and restorative/clean-up costs.
- Security Services – BOPLASS investigated the opportunity for a consolidated security contract across multiple councils – covering manpower services, alarm systems, CCTV.
- Multi-Function Devices (printers and copiers) – joint procurement of MFDs resulted in a total upgrade of equipment across all of the BOPLASS fleet, additional functionality, significant cost savings, and a common technology platform supporting the future development of collaborative solutions between councils. All BOPLASS councils are with the same supplier and the agreement has been extended to the Waikato councils.
- Aerial Photography 2016-17 – A collective tender for BOPLASS councils' ortho-rectified imagery was awarded to AAM NZ Ltd. The contract covers specific areas and requirements within the regional flying calendar. The councils' participation in this collaborative contract has resulted in discounted pricing through the reduced effort required from the contractor, while also delivering a common standard of information across the councils and allowing for central management of the data. The collaborative approach through BOPLASS has also resulted in a significant contribution towards the project costs from Land Information NZ.
- GIS Software – Contracts have continued to be renewed or reviewed with a number of software companies. This has provided significant discounts on the purchase and maintenance of software through leveraging the group buying power and the establishment of common technology standards.

- Health and Safety – BOPLASS has investigated and developed a number of health and safety projects often working in conjunction with the Waikato LASS.
 - Contractor Health and Safety Pre-qualification Portal - BOPLASS and Waikato LASS have worked together on the development of an on-line contractor health and safety prequalification scheme. The Pre-qualification Portal provides a convenient and consistent way for contractors to engage with councils, while also ensuring standardised compliance and simplified and efficient contractor management for council staff.
Development of the portal is a great example of councils working together to address a common issue.
This service is now being rolled out nationally.
 - H&S Legal opinions – provided once to BOPLASS and/or Waikato LASS but made available to all participating councils, delivering significant savings and consistent standards.
 - Inter-council H&S audits – establishment of cross-council auditing processes to provide councils with an external viewpoint on their health and safety management and provide council PCBU Officers, CEOs and managers with an alternative opinion and verification through auditing, without the expense of having to engage consultants.
 - Joint development of H&S policies and terms of reference. Sharing of existing H&S procedures or shared development of new procedures. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and governance.
 - Shared training register established in Collaboration Portal so H&S training requirements are planned and coordinated across multiple councils.
 - Preferential supplier agreement established for training services across Waikato and BOPLASS – providing discounted rates, consistency in training.
 - Development of shared policies for monitoring / auditing of volunteers – developed once and shared across all BOPLASS and Waikato LASS councils.
 - H&S recording and management software – common system established across BOPLASS councils and discounted user licenses through joint procurement.
- Radio Telephony (RT) strategy – A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in civil defence strategies.
- Solid Waste Management – A solid waste benchmarking survey has been circulated and completed by all BOPLASS councils to assist in identifying opportunities for collaboration in solid waste service. Categories under review for collaboration are:
 - Landfills
 - Collections
 - Recycling
 - Policies
 - Collective lobbying
- Training – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.

- Inter Council Network – An initiative with FX Networks/Vocus and the One.Govt consortium providing a 1Gbps fibre connection between the majority of BOPLASS councils.
- Collaboration Portal – The Collaboration Portal was developed by BOPLASS to provide improved visibility of existing and potential collaboration opportunities across councils and to facilitate effective collaboration initiatives. Waikato LASS have joined the Collaboration Portal. The Northland councils, Hawkes Bay LASS and Manawatu Whanganui LASS have formally signed up to the Collaboration Portal and roll outs are underway. The intention is to make the Collaboration Portal available to the wider LG community. The portal currently has over 300 users across 36 local government organisations.
- Section 17a Reviews – Assessment of council's preparedness for conducting s17A reviews, facilitating, knowledge sharing between councils, sharing existing work, skills and experience across councils, identify services which are candidates for collaboration.
- Other LASS – We continue to maintain a close relationship with MW LASS (Manawatu/Wanganui), HBLASS (Hawkes Bay), Waikato LASS and Northland councils and work on a number of projects together. Identification of further opportunities to share knowledge or collaborate on projects is regularly undertaken.

In addition, there are several other projects either in the formative stage or being reviewed for potential contribution to cost savings, best practice and/or better resource utilisation.

8 FINANCIAL REPORTS

1. Financial Support and Accounting Services

Accountancy services and support continue to be provided by Tauranga City Council.

2. Accounting Policies

The company is compliant with the accounting policies stated in the Statement of Intent.

3. Advisory Group Levies

In accordance with a user's pays approach, advisory groups are levied according to the size of the council being represented. Groups are levied annually and this will report as levy income in the balance of the year.

4. Financial Reports

Financial Reports for the period to 31 December 2016 are attached.

5. Variations

The organisation is operating within budget and has achieved a reasonable revenue stream for the first half of the year.

Included are the service related payments for services accessed by councils.

Project expenses, and conversely, project recoveries are higher than budget due to additional projects being undertaken by BOPLASS.

Sales of service revenue is reduced due to unavailability of the BOPLASS IT Manager in late 2016, resulting in reduction in secondment assignments. The salary variance is caused by the same situation.

On the advice of our accountants, the collaboration portal has been treated as an intangible asset. This has impacted on amortisation, project revenue and project opex budgets. Future budgets will allow for the changed treatment of this asset.

9 STAFFING, ACCOMMODATION AND SUPPORT

Staff

Staffing levels are unchanged with a part-time administrator continuing to provide additional project support and management of existing activities. As noted in the budget variations, the BOPLASS IT Manager was only available on a part-time basis during the late 2016.

Accommodation and Support

We continue to appreciate the office space provided at Tauranga City Council and the support that is offered for IT and Accounting services. Although there is a monthly fee there is still a contribution in kind.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2016

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	\$150,412	\$168,255	\$336,510	(\$17,843)
Bank Interest Received	\$725	\$1,500	\$3,000	(\$775)
Council Contribution	\$136,756	\$136,755	\$273,510	\$1
Recoveries	\$0	\$0	\$0	\$0
Sales of Service	\$12,932	\$30,000	\$60,000	(\$17,068)
Revenue - Projects	\$886,353	\$834,250	\$1,413,000	\$13,570
Activity Group Fees	\$0	\$16,000	\$32,000	(\$16,000)
Aerial Photography Income	\$188,083	\$200,000	\$400,000	(\$11,917)
Bank Interest Received	\$4,068	\$10,000	\$20,000	(\$5,932)
Lease Income - ICN	\$137,442	\$155,000	\$310,000	(\$17,558)
Lease Income - Video Confer.	\$13,521	\$6,500	\$13,000	\$7,021
Recoveries	\$500,980	\$442,750	\$630,000	\$58,230
Rebates	\$3,728	\$4,000	\$8,000	(\$272)
Collaboration Portal	\$38,533	\$0	\$0	\$38,533
Total Operating Revenue	\$1,036,766	\$1,002,505	\$1,749,510	(\$4,272)
EXPENSES				
Expenditure - Core	\$204,445	\$220,450	\$432,900	(\$16,604)
ACC	\$1,177	\$1,750	\$3,500	(\$573)
Accommodation & Travel	\$673	\$750	\$1,500	(\$77)
Accounting & Audit	\$972	\$7,500	\$15,000	(\$6,528)
Administration	\$14,753	\$11,000	\$22,000	\$3,753
Amortisation	\$11,576	\$0	\$0	\$11,576
Bank Fees	\$59	\$200	\$400	(\$141)
Board meetings	\$0	\$500	\$1,000	(\$500)
Conferences	\$0	\$1,000	\$2,000	(\$1,000)
Depreciation	\$0	\$0	\$0	\$0
Catering & General Expenses	\$866	\$1,000	\$2,000	(\$134)
Fringe Benefit Tax	\$2,289	\$4,000	\$8,000	(\$1,711)
Insurance	\$6,849	\$8,000	\$8,000	(\$1,151)
Interest Paid - TCC Loan	\$679	\$2,500	\$5,000	(\$1,821)
Legal	\$0	\$1,000	\$2,000	(\$1,000)
Postage & Stationery	\$0	\$50	\$100	(\$50)
Directors Costs	\$8,099	\$7,500	\$15,000	\$599
Salaries	\$142,903	\$160,000	\$320,000	(\$17,097)
Staff Support Costs	\$9,245	\$10,000	\$20,000	(\$755)
Staff Training Costs	\$0	\$1,000	\$2,000	(\$1,000)
Subscriptions	\$995	\$300	\$600	\$695
Tax Advice	\$3,310	\$2,400	\$4,800	\$910
Write Off reconciliations	\$1	\$0	\$0	\$1
Expenditure - Projects	\$858,712	\$772,905	\$1,316,610	\$52,518
Aerial Photography Expense	\$188,083	\$200,000	\$400,000	(\$11,917)
Lease Expense - ICN	\$142,695	\$150,000	\$300,000	(\$7,305)
Lease Expense – Video Confer.	\$13,603	\$6,305	\$12,610	\$7,298
Projects - Recoveries	\$481,043	\$414,600	\$600,000	\$66,443
Consultant Costs	\$0	\$2,000	\$4,000	(\$2,000)
Collaboration Portal Opex	\$33,289	\$0	\$0	\$33,289
Total Operating Expenditure	\$1,063,158	\$993,355	\$1,749,510	\$35,914
Operational Surplus before Tax	(\$26,392)	\$9,150	\$0	(\$35,542)

**BOP LASS LTD
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 2016**

	Actual YTD
Current Assets	
Cheque Account	\$102,534
Trust A/c Aerial Photography	\$1,193,336
Trade Debtors	\$25,428
Accrued Revenue	\$12,728
Withholding Tax	\$8,929
Prepayments	\$1,319
Total Current Assets	\$1,344,274
Non-current assets	
Office equip at cost	\$0
Office equip depreciation	\$0
Computer equip at cost	\$0
Computer equip depreciation	\$0
Intangible - Computer Software	\$48,397
Amortisation	(\$12,740)
Total Non-current assets	\$35,658
TOTAL ASSETS	\$1,379,932
Current Liabilities	
Trade Creditors	\$138,280
Retentions	\$25,920
Accrued Expenses	\$5,612
Income in Advance	\$1,179,805
TCC Loan	\$0
PAYE Accruals Payable	\$5,302
GST Collected	\$1,843,634
GST Paid	(\$1,423,447)
GST Payments/refunds	(\$443,819)
Total Current Liabilities	\$1,358,026
TOTAL LIABILITIES	\$1,358,026
NET ASSETS	\$21,906
Equity	
Share capital	\$99,002
Retained Earnings	(\$50,705)
Current Year Earnings	(\$26,391)
TOTAL EQUITY	\$21,906

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Shelley Hey, Manager Chief Executive's Office

Update on Bay of Plenty Local Government Futures project

Executive Summary

This report summarises the findings from Phase One of the joint Bay of Plenty councils' Local Government Futures project, and notes direction provided by the Bay of Plenty Triennial meeting on 24 February 2017.

Phase One of the project aimed to establish a robust and independent evidence base to support the nine partner councils and their communities to make informed decisions about how best to deliver council functions and services in the future. A secondary objective was for the functional assessment work streams to inform councils' Local Government Act 2002 section 17A service delivery review requirements.

Independent consultants were engaged to deliver all Phase one work streams, which produced nine reports that were made publicly available in October 2016. Key findings and, where relevant, recommendations from the main Phase One reports are summarised in this Council paper. This includes: the Communities of Interest, Local Government Democracy and Leadership Think Piece, and its associated Opportunities for Improvement supplement; the Transportation functional assessment; and the Water/Wastewater functional assessments.

Phase One was completed with receipt of the Transportation and Water/Wastewater Indicative Business Cases by the Local Government Futures Governance Group on 6 September 2016.

On 24 February 2017, the Bay of Plenty Triennial Meeting discussed the Local Government Futures project and agreed that the project should now be concluded, and that Chief Executives should further investigate working together on integrated water management. There was also discussion on whether the terms of reference for the transportation Regional Advisory Group could be expanded to deliver on some of the opportunities identified through the transportation functional assessment. A report back on any progress in these areas is anticipated to be provided to the next Triennial Meeting on 4 August 2017.

The 24 February 2017 Triennial Meeting also discussed development of a one day workshop to focus on strategic / spatial planning across the region. The Chief Executives of Rotorua Lakes Council and the Bay of Plenty Regional Council are working together to develop this workshop.

Recommendations

That the Regional Council:

- 1 Receives the report, Update on Bay of Plenty Local Government Futures project;**
- 2 Notes that Phase One of the Local Government Futures project was completed with receipt of the final Indicative Business Case reports for Transportation and Water/Wastewater by the Local Government Futures Governance Group on 6 September 2016;**
- 3 Notes that the Bay of Plenty Triennial Meeting of 24 February 2017 directed Chief Executives to prepare a short concluding report for the Local Government Futures project and to further investigate advancing ways of working together on integrated water management, including establishment of a regional forum for waters; and**
- 4 Notes that the Bay of Plenty Triennial Meeting of 24 February 2017 directed the Chief Executives of Rotorua Lakes Council and Bay of Plenty Regional Council to develop a strategic / spatial planning workshop for the region.**

1 Background

The Bay of Plenty Local Government Futures (LGF) project is a collaboration of the eight Bay of Plenty councils plus South Waikato District Council. The project was generated from a Bay of Plenty (BOP) Triennial meeting action in December 2013, with the project brief being signed off by the Mayors and Regional Council Chairman in October 2014.

The project responded to concerns among councils about the lack of robust information to inform debate in the Bay about how best to deliver local government functions and services, both at an activity level and at an overall structural level. At the time, interest in such discussions was heightened by Local Government Act amendments to the reorganisation process and local government reorganisation processes underway in other regions (notably Wellington, Hawke's Bay and Northland).

The primary objective for Phase One of the LGF project was to establish a robust and independent evidence base to support the councils and their communities to make informed decisions about how best to deliver council functions and services in the future. The New Zealand Transport Agency (NZTA) also participated in this phase of the project, particularly for the transportation work stream. A secondary objective for Phase One of the project, particularly the functional assessments work streams, was to inform participating councils' LGA Section 17A service delivery review requirements. These reviews must be undertaken by 8 August 2017.

The overall LGF project plan envisaged a pause point between Phase One and Phase Two of the project, to enable each partner council to make their own decision about continuing to Phase Two of the project.

Those councils electing to continue into Phase Two would then jointly determine action to be taken to improve delivery of council functions and services under their control. Originally, to assist decision-making a Phase Two report was to be prepared that outlined the range of form and function options for local government in the Bay of Plenty, with associated implications for each. But now it is envisaged that possible

next steps could include actions such as proceeding to a detailed business case for Transportation or Water/Wastewater, or undertaking additional functional assessments (i.e. further Phase One-type work).

2 LGF project Phase One results

Phase One of the project focused largely on examining the Bay's communities of interest and delivery of functional assessments for transportation, (potable) water supply and wastewater. The two waters functional assessments were undertaken as one work stream. Independent consultants were engaged to undertake each work stream, working to the LGF Governance Group with advice from a Chief Executive's Steering Group and an implementation management group comprising senior staff from each participating council and NZTA.

The functional assessments followed a modified Better Business Case process, tailored to accommodate the large number of project participants, each with their own governance, and the required phasing of the project.

The BOPRC Chairman and Chief Executive attended the final LGF Governance Group meeting for the Triennium on 6 September 2016. The meeting received the final Indicative Business Case (IBC) reports for the Transportation and Water/Wastewater functional assessments. The meeting resolved that the two IBC reports should lie on the table for consideration by incoming councils and subsequent decision-making at the next, or future, LGF Governance Group meetings.

LGF Governance Group receipt of the two IBC reports effectively completed Phase One of the project.

The full suite of LGF Phase One reports is as follows:

1. **Local Government Service Delivery Models**, by Martin Jenkins – this report outlines seven main service delivery models and was prepared at the outset of the project as a reference document for the consultants undertaking the functional assessments.
2. **Current Situation and Operating Environment Stocktake Information**, by the LGF Implementation Management Group – this report provides links to a range of useful source documents. It was prepared at the outset of the project as a reference document for the consultants undertaking any work on the project.
3. **Communities of Interest, Local Government Leadership & Democracy Think Piece**, by Martin Jenkins – this is a high level assessment report.
4. **Transportation Regional Strategic Assessment (RSA)**, by Rationale.
5. **Water / Wastewater Regional Strategic Assessment (RSA)**, by Castalia and Rationale.
6. **Review of Waikato Waters Business Case**, by Castalia.
7. **Transportation Indicative Business Case (IBC)**, by Rationale.
8. **Water / Wastewater Indicative Business Case (IBC)**, by Castalia and Rationale.

9. **‘Opportunities for Improvement’ Supplement to Communities of Interest Think Piece**, by Martin Jenkins – this additional report, commissioned by the LGF Governance Group, provides the consultants’ observations viewed through a communities of interest ‘lens’.

These LGF Phase One reports were made available to participating councils for information in September 2016, prior to being made publicly available in October 2016.¹ It was envisaged that any wider engagement on these reports would be most appropriately undertaken during Phase Two of the project, should any or all councils elect to proceed to that stage.

Further information about the findings from the functional assessments, the communities of interest, democracy and leadership think piece, and its ‘opportunities for improvement’ supplement, along with staff learnings from undertaking the project to date are summarised in sections 2.1 to 2.5 below.

2.1 **Communities of Interest and Local Government Democracy and Leadership Think Piece (Martin Jenkins)**

The main purpose of this report was to look at the various communities that make up the Bay of Plenty region and surrounds (i.e. the area covered by all project participants) and identify where there are common interests, and to also consider some principles to guide future local democracy and leadership in the study area.

This was the only Phase One work stream that included interviews with some external stakeholders, via workshop and interview processes. This was not a comprehensive engagement process however, as this phase of the project was simply about creation of a robust evidence base that would then be tested during Phase Two of the project, should any or all councils proceed to that point.

This report is a high-level ‘think piece’ document which does not include recommendations. Its intent was to inform the functional assessment work streams and provide an overarching set of considerations for any subsequent decision-making.

The Executive Summary from the Communities of Interest and Local Government Democracy and Leadership Think Piece is provided for further information (refer to **Appendix 1** of this report), but the key findings are summarised below.

2.1.1 **Key findings**

- **Communities of interest** were identified at five different levels for local government in the Bay of Plenty and surrounds (the study area), being: local; territorial authority; sub-regional; regional; and inter-regional. Different council functions and services are relevant to different levels of communities of interest – one size does not fit all.
- Drawing common themes from international examples where local democracy has been under some pressure, the following **local democracy principles** were identified as a reference point for discussion: sovereignty; subsidiarity; transparency; accountability; participation; partnership; and equity.

¹ The LGF project Phase One final reports are available at: <https://www.tauranga.govt.nz/localgovernmentfutures/local-government-futures-final-reports.aspx>

- It was also contended that it is less important for representative democracies to directly govern the provision of services in which constituents have primarily a 'customer interest' (for example water supply, wastewater), and of greater importance where there is a strong 'citizen interest' (for example leadership, advocacy, economic development and environmental protection). And further that the idea of differentiating customer and citizen interests may provide some room to address the inherent tension involved in achieving the benefit of economies of scale and scope (which are often of benefit to customers) and retaining the 'local' in local democracy (which generally will benefit local citizens).
- The **leadership of local government elected representatives** is often called on far beyond the scope of local government's primary functions, powers and responsibilities. This aligns well with the notion of Place Shaping – a wider strategic role for local government at the heart of which lies the ability of local government to engage local people on the issues that matter to them.

2.2 Transportation Functional Assessment (Rationale)

Rationale Limited was engaged to undertake this functional assessment, which produced the Transportation RSA and Transportation IBC reports. As part of the report development process, the consultants held a number of workshops with subject matter experts from each of the participating councils and NZTA. The findings of the reports, particularly the IBC report, reflect both workshop feedback and the independent consultants' professional expertise.

Components of the transportation function included in scope were: strategic transport planning (local, regional, national), operational transport planning (local, regional, national), and activity management (including: capital/improvements; maintenance, operations and renewals; and passenger transport). The interdependence of the components for the transportation function meant that that the function was addressed as a coherent whole throughout the assessment, rather than examining each component of the transportation function separately as originally planned.

The Executive Summary from the Transportation IBC is provided for further information (refer to **Appendix 2** of this report), but the key findings and recommendations are summarised below.

2.2.1 Key findings of the Transport IBC

The IBC noted that the participating councils and NZTA are collaborating well and while there is not a sole driver for change, there are a range of elements stemming from the growing pressure to improve the effectiveness of transportation investments.

The IBC concluded that addressing the key problems identified would achieve the following potential benefits, or **objectives**:

- Compelling investment cases are delivered that demonstrate value for money and linkages to prosperity.
- One Network transportation strategies are delivered improving economic performance.
- High quality planning is delivered efficiently and effectively, achieving aligned outcomes across the BOP.

The IBC provided ranked short-listed options of both service solution (form) and scope (function) which, in descending ranked order, were:

- **Option 3: Transport Centre of Excellence**, mandated by a memorandum of understanding (form). This would deliver a regional standardisation approach to data and analysis, and transport programming (option 2 functions) plus transport and strategic planning. A joint approach to procurement could be included in this option once principles and specifications were aligned.
 - **The IBC noted that this option ranked highest** as it achieves the majority of the benefits, is flexible while being relatively easy to implement, and was supported by the majority of the transport practitioners.
- **Option 4: Combined Business Unit**, with resources applied to a regional group with an ongoing mandate and established form (form). This would deliver all functions within Option 3 (above) plus joint procurement processes, network management and service delivery.
 - **The IBC noted that this option was ranked second highest**, as it achieves the benefits sought, but has greater time and financial costs and greater risk than Option 3. There are also a greater level of dependencies to be considered, and only a medium level of support from the transport practitioners.
- **Option 2: Formal Forum** guided by a terms of reference (form). This would deliver a regional standardisation approach to data and analysis and transport programming.
 - **The IBC noted that this option** was the 'do minimum' option and **was ranked third highest**. This was because it achieves few of the benefits sought, but does have a medium level of support from the transport practitioners along with low cost, time and risk impacts and few dependencies that would need to be managed.
- **Option 5: One Entity, most likely a council controlled organisation (CCO)**, which could be wider than the councils and NZTA and could include public/private partnership approaches (form). This would deliver all transportation functions for the CCO members.
 - **The IBC noted that this option** would require the greatest level of change and **was ranked fourth out of the five options**. This was because, while it achieves the benefits sought, there was a low level of support from the transport practitioners with high cost, time and risk impacts, along with a high level of dependencies.
- **Option 1: Status Quo**, the 'no change' option with all scope continued as at present with existing levels of collaboration.
 - **This option was ranked lowest** of the five options as it would not achieve the potential benefits (objectives) and has a low level of support from the transport practitioners. As this is the current state there are few cost or time impacts, it would minimise risk associated with change, and there are few dependencies to be taken into account.

All options were considered for application at a regional level. At the IBC stage sub-regional or less collaboration was not considered as a viable approach.

2.2.2 Recommendations of the Transport IBC

The IBC recommendation was that the LGF project Governance Group proceed with further assessment of the Transport Centre of Excellence and one or two of the lesser ranked options in a detailed business case.

The IBC notes that financial benefits are very difficult to quantify at IBC stage and that further analysis of potential financial benefits (and implicitly costs) would be explored within a detailed business case.

2.3 Potable Water Supply and Wastewater Functional Assessments (Castalia and Rationale)

Castalia Strategic Advisors Limited and Rationale Limited were jointly engaged to undertake this functional assessment work stream, which produced the Water and Wastewater RSA and Water and Wastewater IBC reports. Castalia also delivered the Review of Waikato Waters Business Case report, an additional report commissioned to gain any learnings from the Waikato process. The process followed was similar to the Transport functional assessment in that the consultants held a number of workshops with subject matter experts from each of the participating councils. The findings of the reports, particularly the IBC report, also reflect both workshop feedback and the independent consultants' professional expertise.

These two waters functional assessments were able to be undertaken together, as there is a level of dependency between them and also many of the same council staff, particularly at planning and management level, work across both functions.

Key components included in scope were: water collection, treatment and delivery; wastewater collection, treatment and disposal; as well as regulation of the conditions under which these services are provided.

The Executive Summary from the Water and Wastewater IBC is provided for further information (refer to **Appendix 3** of this report), but the key findings and recommendations are summarised below.

2.3.1 Key findings of the Waters IBC

The IBC identified the following investment objectives (potential benefits) in response to the common challenges identified in the RSA report and in the context of current arrangements:

- Improved planning certainty
- A resilient, capable and resourced workforce
- Improved value for money
- Informed and engaged communities
- Strong and consistent investment stories
- Increased opportunity for understanding, sharing, innovation
- Strong collective voice

The IBC identified four short-listed options, which are outlined on the following page. It is noted that these differ from the Transportation options in that they do not include a 'status quo' option or a 'one entity/CCO' option.

The four options were assessed against achievement of the investment objectives, along with five critical success factors from the better business case methodology (strategic fit, potential value for money, ability to be implemented and sustained, potential affordability, and potential achievability):

- **Option 1: Formal Forum** with a memorandum of understanding (form) for information sharing (function).
- **Option 2: Formal Forum** with a memorandum of understanding (form) for information sharing (Option 1 function) plus joint standards on data and analysis, joint priorities on strategy, and a joint approach to advocacy.
- **Option 3: Combined Business Unit** (form) for information sharing, joint standards on data and analysis, joint priorities on strategy, and a joint approach to advocacy (Option 1+2 functions) plus a joint approach to procurement.
- **Option 4: Combined Business Unit** (form) for information sharing, joint standards on data and analysis, joint priorities on strategy, a joint approach to advocacy and to procurement (Option 1+2+3 functions) plus jointly undertaking certain skills and resourcing functions.

The four options were not ranked as part of the IBC process, however the IBC noted that:

- The options increase in both expected benefits but also associated costs and time impacts as well as level of risk from Option 1 (least change) through to Option 4 (most change).
- Option 4 was most likely to meet all investment objectives but Options 2 and 3 have lower costs and risks, allow for potential further evolution as greater evidence is developed (i.e. through detailed business case assessment), and may be more achievable and affordable.
- Comparative assessment of the four options showed that the benefits outweigh the costs for all four options, signalling that any of these options are likely to be more beneficial than the status quo.
- All four options are scalable to different project members participating. Benefits are typically maximised by full participation, but opportunities may be most likely with those neighbouring councils or those within a sub-region. No option involves a minimal critical scale, but benefits should increase with wider membership (as may coordination costs).

2.3.2 Recommendations of the Waters IBC

The IBC recommendation was that the LGF project Governance Group proceeds with a detailed business case to further develop the four short-listed options. Consideration could also be given to including a CCO involving asset management planning if a wider set of options were sought.

It was noted that at the IBC stage it is easier to quantify the costs of the options than the benefits, which would require a more detailed analysis to reduce the uncertainty. Further analysis was considered to be needed to develop the options and plan how they may be implemented, should they proceed to implementation stage, and it was noted that this detailed planning may modify the options slightly.

It was recommended that an implementation group be put together to work with an appointed project manager to develop the detailed business case.

2.4 Opportunities for Improvement supplement (Martin Jenkins)

While preparing the Communities of Interest think piece, Martin Jenkins was asked by the LGF Governance Group to make observations about where they saw opportunities to improve on local government structure and arrangements. This supplementary report summarises those observations.

Martin Jenkins notes that their observations are made primarily on the basis of their assessment of the region's various communities of interest, and that before making any definitive conclusions about the future, other perspectives would also need to be incorporated such as the functional assessments and other possible drivers for change such as cost efficiency.

The Executive Summary from the Opportunities of Improvement supplement is provided for further information (refer to **Appendix 4** of this report), but the key findings and recommendations are summarised below.

2.4.1 Key findings

On the basis outlined above, Martin Jenkins considered that there were opportunities to improve on existing local government arrangements in the study area, particularly:

- At sub-regional level in respect of natural resource management, water supply / wastewater provision, land use policy and planning, and economic development; and
- Potentially to enhance inter-regional arrangements for the governance and management of, and investments in, transport networks across the Waikato and Bay of Plenty regions.

Martin Jenkins' view was that communities of interest appear generally well served by current democratic and leadership arrangements. The report noted one area of apparent disconnect where localised interests in community and social development may not be that well served by the normally much larger geographic areas of governance for these services (for example events, community halls and centres, and local parks).

In preparing the Communities of Interest think piece, Martin Jenkins also sought perspectives from a number of local Māori and iwi representatives from across the study area. Those interviewed considered there to be opportunities to improve Māori representation at territorial authority level.

2.4.2 Recommendations

Martin Jenkins recommended that participating councils consider the opportunities identified (as outlined above), and suggested options to consider in giving effect to those opportunities, alongside the other work being undertaken in the LGF project.

Martin Jenkins said it is important to note that the opportunities and options had been developed through a communities of interest lens, based on available information and lessons from recent reorganisation processes and proposals from around New

Zealand, and that other considerations such as cost-effectiveness and matters of financial sustainability may lead to different conclusions.

Martin Jenkins' final note within their recommendations was that the suggested options for giving effect to the opportunities identified are based on what is available under current legislation, but that more recent comments from the Minister of Local Government indicated that there may be room for innovation if that will enable councils to more effectively serve the needs of communities.

2.5 LGF project Phase One – learnings and benefits

In addition to the evidence base created, a key benefit from the work to date was a greater level of understanding and collaboration between on-the-ground staff across the partner councils.

Working together, particularly during the transportation and water/wastewater workshops, enabled a greater shared understanding of the challenges being faced and opportunities that exist for addressing them.

Signals are that some opportunities for collaboration will be progressed, particularly in more operational areas of the transportation and water/wastewater functions, regardless of whether the project continues in some form.

3 Direction from the 24 February 2017 BOP Triennial Meeting

3.1 Triennial meeting direction on the LGF project

The LGF project was generated from a BOP Triennial meeting, and operated under the BOP Triennial umbrella. Additionally, the LGF Project Governance Group members are also the BOP Triennial forum representatives, including the Mayor of South Waikato District Council.

As noted earlier in this report, at its September 2016 meeting the LGF Project Governance Group received the IBC reports for transportation and water/wastewater, which effectively completed Phase One of the project. The Governance Group deferred decisions on any next steps for the project until after the October 2016 local government elections, considering it more appropriate for new councils to make these decisions. As the intended LGF Project Governance Group meeting on 5 December 2016 did not eventuate, the project was discussed at the 24 February 2017 Triennial Meeting.

The view of the Triennial Meeting participants was that the LGF project should be concluded now that Phase One has been completed, and that the investment in the project has been worthwhile. The Triennial Meeting participants directed the Chief Executives to further investigate advancing ways to work together on integrated water management, including establishment of a formal staff forum for waters, similar to the transport Regional Advisory Group (RAG). There was also discussion on whether the terms of reference for the RAG could be expanded to deliver on some of the opportunities discussed during the LGF transportation workshops.

It is anticipated that any progress on the transportation and waters work will be reported back to the next Triennial Meeting on 4 August 2017, along with a short concluding report for the LGF project.

3.2 Triennial meeting direction on spatial planning

At the 24 February 2017 Triennial Meeting, development of a one day workshop to focus on spatial planning across the region was also discussed. It was suggested that this workshop could be facilitated by Ree Anderson, who has undertaken similar work for Auckland Council and Rotorua Lakes Council (RLC). It was agreed that the Chief Executives of RLC and the Bay of Plenty Regional Council would work together to prepare a top down strategic / spatial planning workshop for the region, ideally to be delivered before August 2017.

A proposal for this workshop is under development with Ree Anderson and will be discussed by the Chief Executives on 11 April 2017 (after the time of writing this report). The process for sign-off of this proposal is currently under development.

4 Council's Accountability Framework

4.1 Community Outcomes

Council's interest in the matters in this report contributes to the Regional Collaboration and Leadership Community Outcome in the Council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

This work is provided for in the Governance Services activity in the Long Term Plan 2015-2025.

Budget Implications

There are no budget implications arising from this report.

Anne Payne
Principal Advisor

for Manager Chief Executive's Office

5 April 2017

APPENDIX 1

Executive Summary - LGF Communities of Interest, Local Government Democracy and Leadership, 21 September 2016

EXECUTIVE SUMMARY

The Bay of Plenty Local Government Futures Project is a collaborative project between all of the councils in the Bay of Plenty region, and South Waikato District Council (because of its close relationship with parts of the Bay of Plenty region). The project will gather evidence and analysis (phase 1) to support the councils and their communities to make informed decisions about the future shape of their councils (phase 2).

The project is being governed by the region's mayors and the Chair of the Bay of Plenty Regional Council.

This report is part of phase 1, and is only one input into the wider project. The main purpose of our report is to look at the various communities that make up the Bay of Plenty region, identify where there are common interests, and consider some principles to guide future local democracy and leadership in the region. We were also asked to advise on what lessons may be derived for the region from other investigations into local government reorganisation – such as the creation of the Auckland Council, and the Local Government Commission's investigations into arrangements in the Northland, Hawke's Bay and Wellington regions.

Alongside this report, a series of 'functional assessments' are also being undertaken. These assessments analyse some key functions performed by local government – such as transport, fresh and waste water services – and will assess whether there is room for improving how they are delivered.

Communities of interest

Our research and interviews undertaken to inform this think-piece have identified communities of interest at five different levels, from a local government perspective:

Local: It is apparent that a sense of highly-localised, place-based identity is felt strongly in smaller, sometimes more isolated communities - settlements such as Katikati in the West and Murupara in the East. Local communities with a strong sense of place are also observable in larger urban areas where separate settlements have grown together over time to form an urban centre.

Territorial Authority (TA) Level: Current municipal boundaries are the product of a history of merging and amending administrative boundaries - most recently in 1989 - that reflect a history in settlement patterns and shared interests. In most cases, TA boundaries continue to broadly represent catchments of communities serviced by town or urban centres within those boundaries. However, in some places in the region TA boundaries/community catchments are blurring because of demographic changes (growth and decline) and also because of increased mobility due to transport and technology change. This is particularly the case for Western Bay and Tauranga, due to strong population growth and urban expansion into rural areas.

Sub-regional: This level relates to communities of interest that exist within the region but where interests do not align with TA boundaries such as surface water catchments and labour markets. While there are strong linkages throughout the Bay of Plenty and between districts and settlements, the biophysical characteristics of the study area - creating barriers to the movement of people and goods,



differentiating land uses, influencing local climate and informing historical settlement patterns – means that sub-regional interests tend to coalesce around three distinct geographic areas that are commonly referred to as the Bay of Plenty's sub-regions:

- Central Plateau (Rotorua/Taupō/South Waikato)
- Western Bay (Western Bay of Plenty/Tauranga)
- Eastern Bay (Whakatāne/Kawerau/Ōpōtiki)

This finding is supported by live-work patterns, population demographics and the settlement hierarchy within the study area.

It is at this sub-regional level where there appear the greatest opportunities to strengthen existing arrangements to advance collective interests across the study area.

Regional: A key regional interest is in the need to ensure the equitable management of freshwater resources in balancing the competing needs of municipal, agricultural and recreational uses while maintaining environmental quality and cultural values. With this comes a region-wide interest in the expertise required to work through complex natural resource management questions, and possibly to support the investments required to deliver sustainable, quality water services (waste and potable) across the region.

In spite of the relatively small movement of people to work between sub-regions, the movement of people and goods (transport) remains of significant regional interest. This particularly relates to the servicing of the rural economy from the main centres of Tauranga, Rotorua and Whakatāne, the arrival and movement of domestic and international tourists through the region's airports, the Port of Tauranga and the regional road network, and the access for primary products to the Port of Tauranga by road and rail.

Inter-regional: The primary inter-regional community of interest exists between the Bay of Plenty and Waikato regions in relation to the flow of goods and services/transportation (e.g. access to key domestic markets and international ports). Other inter-regional interests may include the provision of tertiary level health care and education and the provision of some professional and financial services.

Lessons from recent local government reorganisation work

Auckland

The scale and nature of the issues that led central government to intervene and reform local government in Auckland are not strongly evident in the Bay of Plenty. Growth pressures in the Bay of Plenty region are largely centred around Tauranga (and flowing into Western Bay of Plenty), and are currently being managed successfully by a joint strategy between the relevant councils (Smart Growth).

To our knowledge, there has not been any fundamental review or assessment of the effectiveness of the changes to Auckland's governance - the jury is perhaps still out given that only five years have passed since its establishment.



Council Controlled Organisations

One key feature of the Auckland Governance reforms however is the significant role of Council Controlled Organisations (CCOs) in the governance, management and delivery of functions and services on behalf of Auckland Council and its residents and businesses.

While it is outside the scope of this think-piece to provide an assessment of the effectiveness of Auckland's CCOs arrangements, we make some general observations about CCOs in local government:

- Benefits of CCOs can include specialist governance and management expertise (e.g. commercial and sector-based); a singular operational focus, an ability to attract external funding in some cases (e.g. visitor attractions, tourism and events); and a separation from direct political decision-making. In cases where CCOs manage activities on behalf of a number of councils (e.g. Wellington Water), there are also significant management-related economies of scale – allowing both greater specialisation of expertise and also developing more attractive career pathways for professionals
- Disadvantages can include - councils, as elected representatives, owners and funders are never completely free of the reputational and operational risks carried by the CCOs. CCOs can take the notion of legal independence very seriously, sometimes without due consideration being given to the ownership and funding interests of councils. Where significant interdependencies exist between council functions and a CCO's business (e.g. planning and delivery of infrastructure by CCOs, and land use planning undertaken by councils), maintaining coordination, incentives and alignment is challenging
- Holding companies can be a very useful structure for council to manage a suite of CCO interests, in particular where those interests are primarily commercial in nature, but they can also make it harder to influence the activities of entities sitting underneath the holding companies. The Council's primary accountability relationship is with the holding company, not its subsidiaries – giving potential for conflict when there is disagreement between the council and the holding company about the direction or performance of a subsidiary entity, despite the likelihood that council effectively holds a significant ownership and possibly funding interest in the subsidiary
- While generally a last resort, the key performance management tool for Councils is the ability and willingness to hire and fire members of the board. This has implications for council appointments to the boards of CCOs.

Lessons from Northland, Hawke's Bay and Wellington

Recent reform proposals for Northland, Wellington and Hawke's Bay do provide some useful lessons for the Bay of Plenty region in thinking about future structures for local government:

- A 'one size fits all' governance structure is not appealing to communities where significant local and regional differences are perceived. The preservation of local identity and voice is critical, and structures need to fit the circumstances and needs of specific communities
- Any case for change needs to be very clear, compelling and go beyond arguments about financial efficiency. Aside from Auckland Council, which was the result of direct central government



intervention, only one reorganisation proposal in the form of amalgamation has succeeded since 1989 – all others have either been rejected by voters or set aside without going to a poll

- Proposed communities of interest, which collectively make up a council area, need to be collectively logical – each community needs to see that they have enough in common with the other communities in the council area to give it legitimacy as a collective whole. For example, most residents in the Wairarapa did not consider that Wairarapa had enough in common with metropolitan Wellington to be part of a region-wide ‘super city’ council
- While many communities have rejected amalgamation proposals, they are not necessarily against change – particularly in the form of more shared services and/or more integrated functions¹. Communities are often comfortable with councils sharing services with others, where it makes sense, to be more efficient or effective in what they deliver to residents and businesses. This means there is significant scope for councils to improve the way that their functions and duties are provided, while retaining local representation and influence over decisions
- Uncertainty about the impact of proposed changes on an individual’s rates is an issue for many voters, particularly for older populations who are often on fixed incomes
- In the amalgamation context, there is often concern about the possible impacts of wealth transfers – e.g. redistributing debt, assets and rates burdens amongst communities.

Democracy and leadership

While democracy and leadership are often strongly connected, they have some distinct characteristics and purposes. This is evident in the apparent mismatch between the matters over which local authorities have formal democratic decision making responsibilities (Democracy), and those matters over which civic leaders are called on to provide a sense of common cause, influence others or provide a focus for community solidarity in a time of crisis (Leadership).

In considering democracy, it does not necessarily follow that an unelected body is undemocratic, or that a representative body behaves in a democratic manner. It is therefore important to consider democratic principles that go beyond considerations of representation alone. Drawing common themes from international examples² where local democracy has been under some pressure, the following principles are provided as a reference point for discussion:

- **Sovereignty:** power lies with people and communities who give some of that power to governments and local governments, not the other way round
- **Subsidiarity:** decisions should be taken as close to the community as capability exists to make well informed decisions
- **Transparency:** democratic governance and decision making process should be open and transparent, and able to be understood by communities

¹ While 89% of submitters on the Local Government Commissions reorganisation proposal for the Greater Wellington region opposed amalgamation, 40% of submitters supported greater shared services

² Scottish Commission on Strengthening Local Democracy 2014 and Aberdeen Agenda: Commonwealth principles on good practice for local democracy and good governance in particular



- **Accountability:** local government should be accountable to the community it serves
- **Participation:** all communities must be able to participate in the decision making that affect them
- **Partnership:** there should be cooperation and partnership among local, regional/provincial and national spheres of government whose roles relate to their capabilities and competencies. None can be, or should seek to be, self-contained and self-sufficient
- **Equity:** the distribution of services and resources should reflect and respond to the needs of the local community.

We would also contend that it is less important for representative democracies to directly govern the provision of services in which constituents have primarily a 'customer interest', and of greater importance where there is a strong 'citizen interest'. This idea of differentiating customer and citizen interests may provide some room to address the inherent tension involved in achieving the benefits of economies of scale and scope (which are often of benefit to customers) and retaining the 'local' in local democracy (which generally will benefit local citizens).

The leadership of local government elected representatives is often called on far beyond the scope of local government's primary functions, powers and responsibilities. As described by Figure 1 below, this aligns well with the notion of Place Shaping - a wider strategic role for local government at the heart of which lies the ability of local government to engage local people on the issues that matters to them.

Figure 1: Local government leadership in place-shaping



In his work that made popular the use of the term Place Shaping, Sir Michael Lyons contends that leadership is as fundamental to the role of local government as is the exercise of its powers:

Whatever the legal and constitutional arrangements for the provision of a service or function, if it has impacts on local people, then the local authority should have a role in representing the community interest and influencing that service. That requires not just the joining-up of resources and activities, but also a leadership and influencing role to ensure that the efforts of all agencies are focused on the outcomes of greatest importance to local people. Local government is well-placed to play this convening role.



APPENDIX 2

Executive Summary - LGF Transportation IBC, August 2016

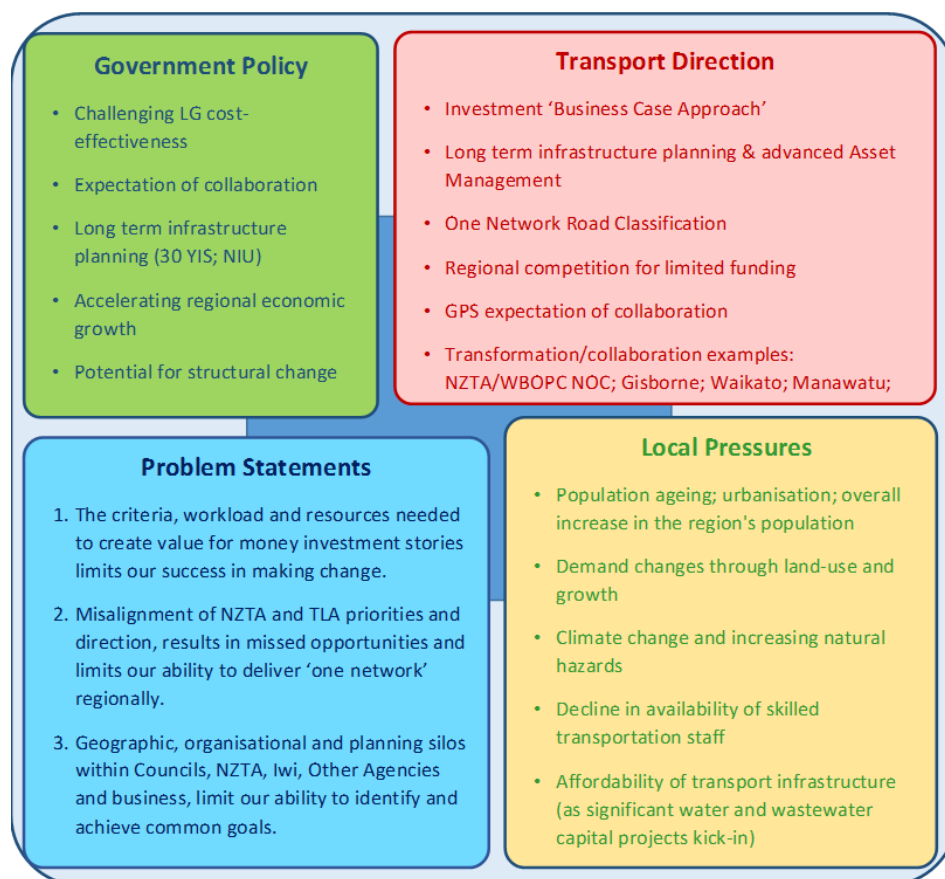
Executive Summary

Since the government's reform programme termed 'Better Local Government' was introduced in 2012, the Bay of Plenty councils, along with neighbouring Waikato district councils Taupō and South Waikato, together with the New Zealand Transport Agency (NZTA), have been investigating how they can best contribute to the long term prosperity and wellbeing of the wider region and its communities. In November 2014, the Local Government Futures project was formed to explore options for improving local government efficiency and effectiveness. The project involves work streams examining the communities of interest, democracy and leadership across the region, as well as functional assessments for transportation and separately for water and wastewater.

This transportation functional assessment indicative business case sets out the case for developing a more collaborative response and provides an indication of longlist scope and service solution options, which were refined to a ranked shortlist of options including a preferred option.

This indicative business case seeks formal approval to progress the preferred way forward by considering the Transport Centre of Excellence model and one or two of the lesser ranked options in a detailed business case.

The wider Bay of Plenty councils and NZTA are collaborating well in defined areas such as growth planning, land use and transport integration and freight logistics. There is not a sole driver that is suggesting change, but a growing accumulation of elements stemming from the pressure to improve the effectiveness of transportation investments. The existing management and operation of the transportation networks has served the Bay of Plenty (BoP) well in the past, but change is inevitable if the region is to continue to compete and prosper in the face of longer term strategic challenges. The drivers of change have been summarised below.



Elements contributing to the need for change

The potential benefits of successfully addressing the problems identified above are defined as:

Benefit 1:

Compelling investment cases are delivered that demonstrate value for money and linkages to prosperity.

Benefit 2:

One Network transport strategies are delivered improving economic performance.

Benefit 3:

High quality planning is delivered efficiently and effectively, achieving aligned outcomes across the BoP.

Following a longlist of options of both scope (function) and service solution (form) developed through facilitated workshops, a recommended shortlist for further assessment is as follows:

- Option 1: **Status quo option** (do nothing option). All scope continued as at present with existing levels of collaboration. This option could still be retained if there is limited stakeholder endorsement of the proposal.
- Option 2: **Formal Forum** (do minimum option). Regional standardisation approach to data and analysis and transport programming guided by a terms of reference.
- Option 3: **Transport Centre of Excellence** (less ambitious option). The functions cover all aspects of Option 2 plus transport and strategic planning, mandated by a memorandum of understanding (MoU). Joint approach to procurement could be included in this option once there is alignment of principles and specifications.
- Option 4: **Combined Business Unit** (intermediate option). The scope covers all aspects of Option 3 and includes joint procurement processes, network management and service delivery. Resources are applied to a regional group with an ongoing mandate and established form.
- Option 5: **One Entity**, most likely a Council Controlled Organisation (more ambitious option). One entity delivering full service and scope or aspect on behalf of councils in the region. This could be wider than the TLAs & NZTA and include public-private partnerships approaches.

The 15 August 2016 shortlist option workshop confirmed the strength of the case for change and agreed the benefits being sought against the risks, dis-benefits, costs and timeframes. This has been summarised in the following table.

Summary Table of Assessment Rankings

Assessment Criteria	Option 1 Status Quo	Option 2 Formal Forum	Option 3 Transport Centre of Excellence	Option 4 Combined Business Unit	Option 5 One Entity / CCO
Benefits (objectives)	Low	Low	Med	High	High
Cost	Low	Low	Med	Med-High	High
Time	Low	Low	Low- Med	Med-High	High
Risks	Low	Low	Low	Med	High
Other Benefits	Low	Low	Med	High	High
Dependencies	Low	Low	Low	Med	High
Stakeholder Support	Low	Med	High	Med	Low
Rank	5	3	1	2	4

The Transport Centre for Excellence came out as the highest ranked option since it achieves the majority of the benefits, is flexible whilst being relatively easy to implement, and was supported by the majority of the transport practitioners. Indicative financial benefits of the shortlist options are compared and discussed in the report, however this is very difficult to quantify at this stage. Further analysis of the potential financial benefits would be explored within the detailed business case.

On the basis of the preferred option workshop, previous practitioner workshops feedback, strategic assessment and analysis contained in this report, the recommended preferred way forward is to consider the Transport Centre of Excellence and one or two of the lesser ranked options in a detailed business case.

Next Steps

This indicative business case seeks formal approval at chief executive and governance group level to commence development of the detailed business case, based on the preferred way forward and the shortlisted options. Following approval, separate reports seeking endorsement of the suggested approach would need to be undertaken by the individual council participants and NZTA.

Purpose of this document

This indicative business case seeks formal approval to invest in the development of a detailed business case that further explores options for delivery of the transport function to improve the efficiency and effectiveness of transport outcomes in the Bay of Plenty.

The business case process is organised around a five case structure designed to systematically ascertain that the proposal:

- is supported by a compelling case for change - the 'strategic case'
- optimises value for money - the 'economic case'
- is commercially viable - the 'commercial case'
- is financially affordable - the 'financial case', and
- is achievable - the 'management case'.

The purpose of this indicative business case is to:

- confirm the strategic context and fit of the proposed change
- confirm the need to invest and the case for change
- identify a wide range of potential options
- recommend a preferred way forward for further development of the options for delivery, supported by a limited number of ranked options for further analysis
- seek the early approval of the Governance Group to develop a Detailed Business Case, based on the preferred way forward.

APPENDIX 3

Executive Summary - LGF Water and Wastewater IBC, August 2016

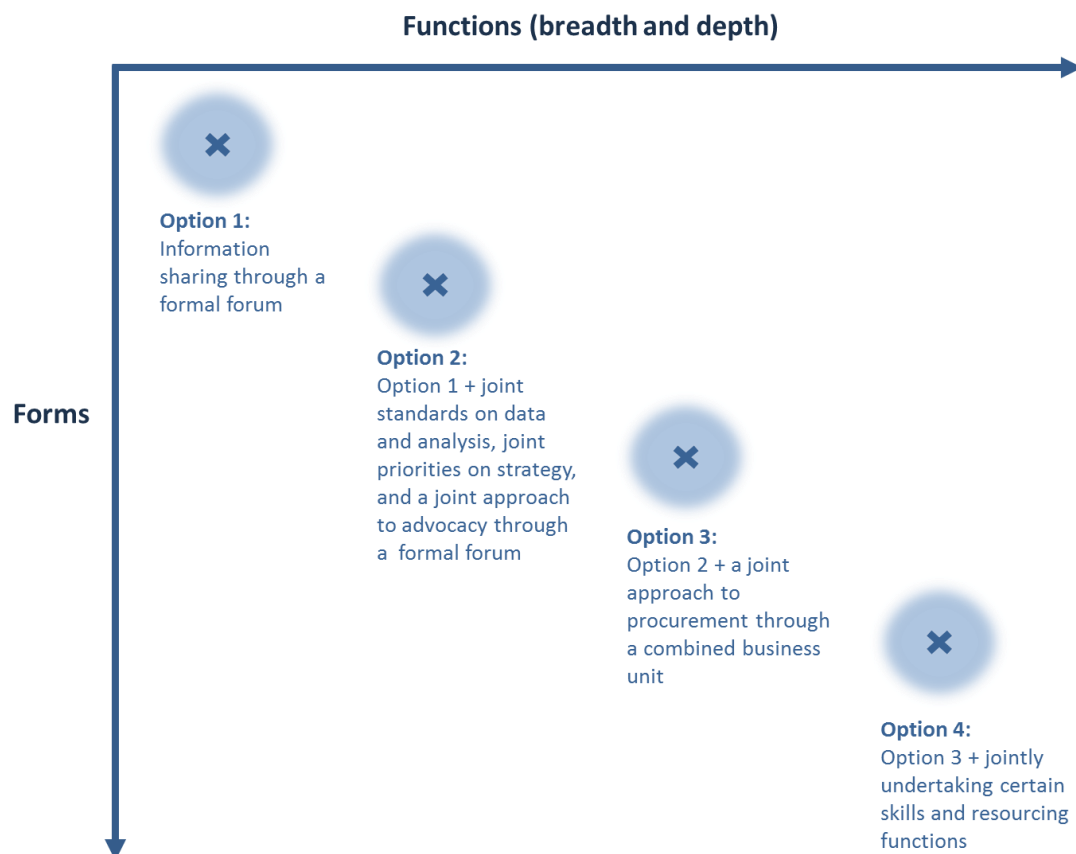
Executive Summary

Nine councils in the wider Bay of Plenty region have sought to review whether key services are being delivered as efficiently and effectively as possible and identify if there is potential for improvement. Castalia, together with Rationale, has been engaged to advise on the water and wastewater functions across councils using the better business case approach.

This report provides an indicative business case that considers potential options to improve the delivery of water and wastewater functions through consistent collaboration across the region.

We have assessed four shortlisted options (illustrated in Figure E.S.1) to address the identified common challenges in the region and deliver the investment objectives agreed by project participants.

Figure E.S.1: Short-Listed Options



We found that as options increase in breadth and depth there is an increase in benefits as well as costs, risks, and time to implement. Option 4 is most likely to meet all investment objectives but Options 2 and 3 seek a balance with lower costs and risks, allow for potential further evolution as greater evidence is developed, and may be more achievable and affordable.

All short-listed options are scalable to different project members participating. Benefits are typically maximised by full participation, but opportunities may be most likely with those neighbouring councils or those within a sub-region. While, no option involves a

minimal critical scale, benefits should increase with wider membership (as may coordination costs).

A Detailed Business Case is recommended

We therefore recommend that the project's Governance Group agrees to proceed with a detailed business case to further develop these short-listed options. The Governance Groups could also consider including a CCO involving asset management planning if it wants to keep a wide set of options open. Option 1 has the lowest impact in terms of expected benefits and the lowest risks and costs. We note that Option 1 may not fit the criteria for requiring a detailed business case if this is the only option progressed.

The short-listed options should deliver on the agreed investment objectives and meet the critical success factors and better business case requirements. At this stage it is easier to quantify the costs of the options than the benefits which require a more detailed analysis to reduce the uncertainty. Further analysis is needed to develop these options and plan how they may be implemented (until such time a firm decision to proceed is not required). Detailed planning of options and their implementation may modify the options slightly.

As next steps we suggest an implementation group be put together to work with an appointed project manager to develop this detailed business case.

Comparative assessment of short-listed options shows that the benefits outweigh the costs

The Table E.S.1 below provides the summary assessment across the four short-listed options against the critical success factors. Green shading represents the objective or critical success factor being achieved, while orange means there may be little difference. The darker the shading, the greater the magnitude of achievement, with the highest scoring option for each aspect described in bold.

Table E.S.1: Summary Assessment of Short-Listed Options

Assessment Criteria	Option 1	Option 2	Option 3	Option 4
Investment Objectives				
Improved planning certainty	Minor influence on own but enables this to be achieved	Greater influence from agreed data analysis standards, joint strategic priorities, and joint advocacy	Adding a joint procurement approach and moving to a combined business unit may improve further	Likely as jointly undertaking advocacy may further assist with planning certainty.
A resilient, capable and resourced workforce	Possible	Possible, particularly in relation to data analysis and advocacy	Possible with joint strategic priorities and procurement approaches may also help	Joint HR and training will significantly assist with this
Improved value for money	If savings or enhancements can be identified as a result	As with option 1 though appears more likely	As with Options 1 and 2 though appears more likely	As with other options and similar likelihood to Option 3
Informed and	May identify	Agreed data	Joint strategic	As with Option 3

engaged communities	opportunities to improve engagement	analysis standards should assist with informing communities	priorities, analysis, and procurement approaches would make informing and engaging with communities easier	though joint HR functions may also assist with identifying a developing the skills to do this well
Strong and consistent investment stories	Should strengthen over time	Agreed data analysis standards and joint strategic priorities should further strengthen	Going to a combined business unit if likely to increase proactive story-telling	As with Option 3 though joint HR functions can ensure these skills are developed and honed
Increased opportunity for understanding, sharing, innovation	Greater understanding and sharing at least	Enabling consistency on key aspects should assist with innovation	The expanded scope of joint analysis and combined business unit makes more likely	The additions of specific HR and advocacy function and combined business unit make most likely
Strong collective voice	May enable	Should enable	Would enable	Joint advocacy ensures this is delivered on
Critical Success Factors				
Strategic fit	Fits	Fits	Fits	Fits
Potential value for money	If savings or enhancements can be identified as a result	As with Option 1 though appears more likely.	As with Options 1 and 2 though appears more likely.	As with other options and similar likelihood to Option 3.
Ability to be implemented and sustained	Implementable at lowest cost and sustainable if ongoing gains	Implementable at low cost and sustainable	Implementable with some cost and time, potentially more sustainable than Options 1 and 2	Implementable at reasonable cost and sustainable given wider commitment
Potential affordability	Affordable	Affordable	Affordable	Affordable
Potential achievability	Achievable	Achievable	Achievable	Achievable

The options increase in both expected benefits but also associated costs, timing, and some risk as we move from Option 1 to 4. This is why earlier options are deemed the most achievable and affordable but latter options have higher expected benefits. Balancing these considerations, Options 2 and 3 limit potential risks, but also limit potential benefits. Option 4 is more ambitious and Option 1 the most incremental.

APPENDIX 4

Executive Summary - LGF Opportunities for Improvement, 18 April 2016

EXECUTIVE SUMMARY

The Bay of Plenty Local Government Futures Project is a collaborative project between all of the councils in the Bay of Plenty region, and South Waikato District Council (because of its close relationship with parts of the Bay of Plenty region). The project will gather evidence and analysis (phase 1) to support the councils and their communities to make informed decisions about the future shape of their councils (phase 2).

The project is being governed by the region's mayors and the Chair of the Bay of Plenty Regional Council.

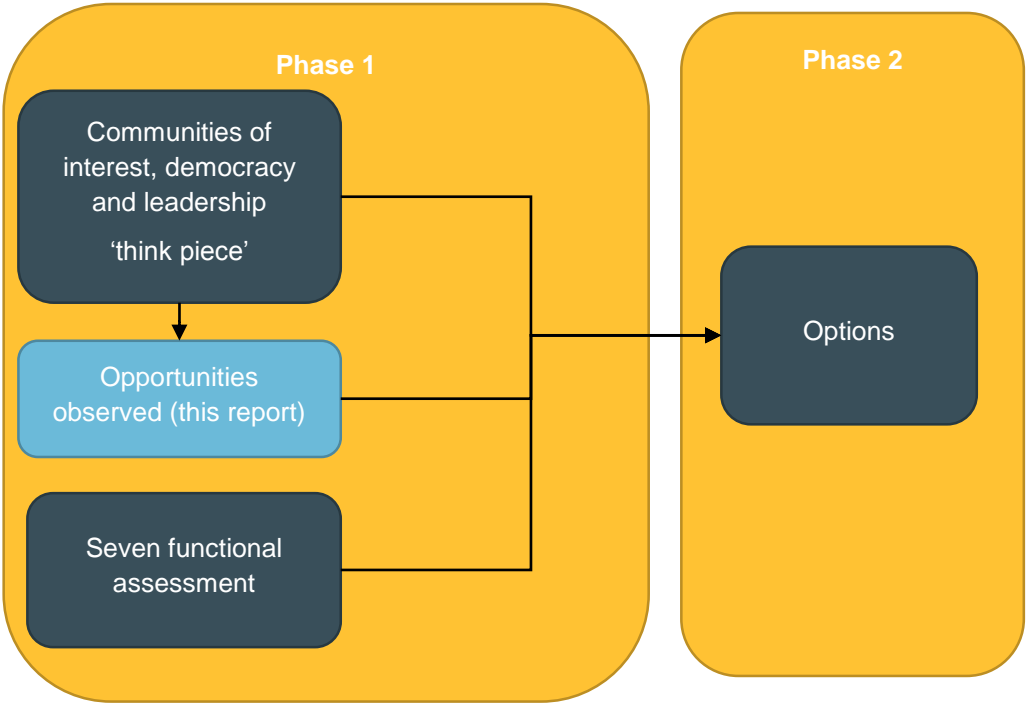
As part of phase 1 of the project MartinJenkins was commissioned to examine and prepare a 'think piece' looking at the communities that make up the Bay of Plenty region, identifying where there are common interests and considering some principles to guide future local democracy and leadership in the region.

Alongside the 'think piece', a series of 'functional assessments' are being undertaken. These assessments analyse some key functions performed by local government – such as transport, fresh and waste water services – and will assess whether there is room for improving how they are delivered.

While preparing our phase 1 report, we were asked to make a number of observations about where we see opportunities to improve on current local government structures and arrangements which are outlined in this report. We make these observations primarily on the basis of our assessment of the region's various communities of interest. Before making any definitive conclusions about the future, other perspectives will also need to be incorporated - such as the assessments of key council functions, and other possible drivers for change such as cost-efficiency.



Figure 1: Project phases and context for this report



We consider there are opportunities to improve on existing local government arrangements in the study area. This is particularly so at the sub-regional level, in respect of natural resource management, 2-waters service provision (mainly an issue of investment affordability and the potential to realise economies of scale), land use policy and planning, and economic development activities. There may also be an opportunity to enhance inter-regional arrangements for the governance and management of, and investments in, transport networks across the Waikato and Bay of Plenty regions.

Communities of interest appear generally well served by current democratic and leadership arrangements. One area of potential disconnect is at the Territorial Authority (TA) and local levels where there are localised interests in community and social development - the governance of these services tend to operate at a much larger geographical scale than the localised communities of interest.

In preparing the think-piece, perspectives from Tangata Whenua were also sought. Those interviewed considered there to be opportunities to improve Māori representation at the Territorial Authority level, provide greater consistency in handling matters of interest to Māori, improve policy advice on matters of interest to Māori and support Māori engagement and participation in council processes.



Recommendations

Table 1 and 2 below outline the opportunities we have identified and options to consider in giving effect to those opportunities. These will need to be considered by councils alongside the other work they are undertaking in this project, in particular the assessment of key councils functions and how they might be delivered in future.

The opportunities are described in further detail from page 7. It is important to note that these have been developed through a communities of interest lens, based on available information and lessons from recent reorganisation processes and proposals from around New Zealand. Other considerations, such as cost-effectiveness and matters of financial sustainability, may lead to different conclusions.

The options we provide for giving effect to opportunities for improvements are based on a menu of some of the current options available under legislation. More recent comments from the Minister of Local Government indicates that there is however room for innovation where it will support the ability of local government to be more effective in serving the needs of communities.



Table 1: Summary of opportunities, options and priorities

Level	Opportunity identified	Option to consider	Suggested priorities
Local / Territorial Authority	Community and social development	Advocating for a functional role in the coordination and/or delivery of social and community development services	<ul style="list-style-type: none"> • Dialogue with Government on the role of local government in social service/provision coordination in light of productivity commission and social sector trials. • Stocktake of existing council involvement community and social development activities and capacity. • Evaluate models and options for service delivery and or coordination.
Sub-regional (Eastern Bay, Western Bay and Central Plateau)	Natural resource management	Improve the consistency (where appropriate) and coverage of arrangements that provide for sub-regional interests in natural resource management	<ul style="list-style-type: none"> • Forecast sub-regional participatory and co-management arrangements in the BOP region to identify likely gaps. • Undertake a stock-take of lessons learnt, strengths and weaknesses of existing sub-regional participatory and co-management models. • Develop/refine models for engagement of sub-regional interests in natural resource management.
Sub-regional	Land use policy and planning	Sub-regional district plans and joint hearing committees in the Western and Eastern Bay of Plenty sub-regions	<ul style="list-style-type: none"> • Stocktake of existing district plan timetables for review. • Undertake comparative review of existing policies and plans to understand the shift required in structure and content to move to sub-regional district plans.
Sub-regional	2-waters service provision	Joint CCOs Transfer of responsibilities between councils Co-funding arrangements with regional council support	<ul style="list-style-type: none"> • Undertake an analysis of options for 2-waters service provision that bring together community of interest with economies of scale and financial sustainability considerations from the relevant functional assessments.
Sub-regional	Economic Development	Review existing EDAs and RTOs and consider a joint EDA and/or RTO for Rotorua, Taupō and South Waikato	<ul style="list-style-type: none"> • Rotorua, Taupō and South Waikato district council to establish a dialogue around the opportunities for a shared EDA/RTO to leverage and promote common economic and tourism opportunities • Initiate an effectiveness and efficiency review of existing EDAs and RTOs.
Inter-regional	Land transport network planning	Establishing an inter-regional transport forum	<ul style="list-style-type: none"> • Dialogue with NZTA, Waikato (and potentially Auckland) Regional Transport Committees on opportunities for a combined land transport forum, and possibly for more integration in the delivery of some transport functions.



Table 2: Serving Maori interests (Tangata Whenua perspectives)

Opportunity identified	Option to consider
Strengthened representation in Territorial Authorities	<ul style="list-style-type: none">• Māori Constituencies at the Territorial Authority level• Adopting partnership models similar to the Te Arawa Partnership Model.
A shared Māori policy, engagement and advisory service to support greater Māori participation and engagement	<ul style="list-style-type: none">• Build on existing capacity, particularly that of the BOPRC, to form a collectively resourced Māori policy, engagement and advisory service.
Local Authority collaboration towards greater consistency in approach on matters of interest to Māori	<p>Establish consistent approaches to:</p> <ul style="list-style-type: none">• Consultation and engagement of matters of interest to tangata whenua• Identification and protection of sites and places of significance and value to Mana Whenua• Constraints on and enablement of the use and development of Māori land• Requirements for cultural impact assessment, tangata whenua engagement and notification in resource consent processes• Protocols for consultation for resource management processes and strategic planning.



Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mat Taylor, General Manager, Corporate Performance

Service Delivery Reviews under section 17A of the Local Government Act 2002

Executive Summary

The purpose of Section 17A of the Local Government Act (2002) is to encourage councils to explore opportunities to improve the cost-effectiveness of service delivery for the community. In practice, there are a number of mechanisms available to move towards this goal.

A review of service delivery under Section 17A must consider options for governance, funding and delivery. These options include whether it is cost effective to retain all three functions, retain governance and funding but delegate delivery to another body, or delegate all three functions to another body.

The approach to the delivery of reviews outlined in this paper takes a pragmatic approach that balances the need to comply with the legislation with the need to manage the Councils operational resources. While the scope of s17A reviews provides a formal mechanism to review service delivery, there are also opportunities to build potential for future collaboration. The availability of willing parties for collaboration, or suitable commercial providers, is a key 'principle for success' that is critical to the implementation of any review findings.

Assessments have been carried out for 35 services, based on the 35 activities listed in the Long Term Plan 2015-2025. In most cases, the assessments indicate that the potential benefits of doing a review do not outweigh the cost of the review. This is broadly consistent with what has been found by other councils that BOPRC have been in contact with.

Areas for review are Transportation, where a review was initiated through the Local Government Futures project, and an opportunity for a joint review with Waikato Regional Council for Geothermal services is currently being considered by both councils.

Work is in progress to ensure appropriate controls or triggers are included in internal Council processes to meet ongoing s17A requirements beyond August 2017 and a report back to council will be made later this calendar year.

Recommendations

That the Regional Council:

- 1 **Receives the report, Service Delivery Reviews under section 17A of the Local Government Act 2002;**
- 2 **Approves that section 17A review requirements have been met for Transport through the Local Government Futures project, with any future steps arising from the LGF project work on Transport to be closely monitored and,**
- 3 **Notes that Geothermal Services is currently being assessed for a review with Waikato Regional Council,**
- 4 **Approves that for the first tranche of reviews which are due by 8 August 2017, no other service reviews have a favourable cost benefit ratio,**
- 5 **Notes that a report back to Council on future s17A delivery (beyond August 2017) will be made later this calendar year.**

1 Background/Context

In 2012, the Government made a number of changes to the Local Government Act LGA as part of the Better Local Government reform programme. These changes included the introduction of section 17A of the LGA which places an obligation on councils to conduct service delivery reviews to:

Review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

The purpose of Section 17A of the Local Government Act (2002) (LGA) is to encourage councils to explore opportunities to improve the cost-effectiveness of service delivery for the community. In practice, there are a number of mechanisms available to move towards this goal.

The reviews must consider the cost-effectiveness of funding, governance and service delivery arrangements, and include consideration of alternatives such as: council-controlled organisations (CCOs), collaboration with another local authority or agency, or through the private or community sector. The reviews do not consider whether councils should provide a particular service or the level of service.

The legislation also provides for exemption from, or deferral of, a review if certain conditions are met. These conditions are that:

- There is a contract or other agreement in place that cannot reasonably be changed within two years.
- The Council is satisfied that the potential benefits of doing a review do not justify the cost of the review.

The first s17A reviews are due to be completed by 8 August 2017, with an ongoing requirement to review services at such times as the local authority considers desirable, but not later than 6 years following the last s17A review (or assessment). This new

requirement to regularly review services is being embedded in council operational processes.

A Bill is currently before Select Committee to make changes to the LGA. If enacted, the proposed changes would have given the Local Government Commission the power to create multiply-owned council-controlled organisations (CCOs) without the agreement of all affected local authorities. The Minister has recently stated that this provision will be removed from the proposed legislation. The select committee has delayed its report back to 16 June 2017.

1.1 Principles for Success.

Key 'principles for success' were developed to assist in determining whether the benefits of a review outweighed the costs. These principles considered the ability to be able to implement potential review findings as well as the core legislative requirements. The 'principles for success' are:

- Availability for 'willing partners' when considering sub or inter regional collaborations on service delivery reviews.
- Availability of a competitive market for delivery of services if considering an alternative mechanism to in house delivery.
- A clear opportunity to at least maintain existing level or quality of service e.g. external expertise is at least equal to current in house expertise?
- Understanding the expectations of other key parties and legislative restrictions, e.g. NZTA rules regulations around funding they provide.
- Potential for economies of scale
- Ensuring compliance with the legislation (Local Government Act 2002, s 17A)

Mechanisms already exist to encourage and build collaboration between local government entities both at sub-regional and inter-regional level. Selected shared services are delivered through BOPLASS. S17A is another tool available to councils to be used to help ensure opportunities for collaboration are identified and realised and to help ensure these opportunities are considered or reviewed on a regular basis.

2 Developing a s17A review process

During 2016, work was undertaken to develop a section 17A review process that was suitable for BOPRC. This process development drew on guidance material, Local Government Futures work and investigating opportunities for collaboration with other Councils and through BOPLASS.

2.1 Guidance material and expert advice

Independent expert guidance was identified and reviewed, including:

- The New Zealand Society of Local Government Managers (SOLGM) 'best practice' guide for delivery of service delivery reviews: this guide discusses the requirement to conduct a review of service delivery under section 17A of the Local Government Act 2002.
- Giblin Group's 'Service Delivery Review Guidance for the Regional Sector': building on the SOLGM guidance, this document is tailored to Regional

Councils and provides advice on meeting the legislative requirements of section 17A.

The SOLGM and Giblin group expert guidance provided the basis for designing our approach to delivering s17A reviews. In particular they provided advice on the requirements of the legislation, how to identify services, assessment criteria and considerations to help determine whether a review was warranted as well as key considerations for delivering the actual reviews.

Additional useful sources of information included:

- SOLGM 2016 Community Plan Forum: included presentation and discussion of section 17A case studies and some of the challenges and opportunities encountered through the delivery of reviews.
- Morrison Low Service Delivery Review Webinar: providing insight into the application of similar reviews required under Australian local government legislation.

2.2 Identifying opportunities for collaboration

2.2.1 Sharing information with other Territorial Authorities

With s17A reviews being a new requirement of the LGA there is no definitive body of completed reviews to reference against or provide a benchmark for Council. BOPRC staff contacted (and were contacted by) other councils to share information, ideas and experiences, to help inform the approach to delivering reviews. In addition to TLAs in the Bay of Plenty, this included Waikato Regional Council and Greater Wellington Regional Council.

Information shared included examples of draft approaches for developing a review programme, draft assessments comparing the functions of local and regional councils to help understand opportunities for collaboration, draft tools for cost benefit analysis and assessment of services for the purpose of section 17A reviews.

In addition, the collaboration around s17A has provided another trigger for conversations between councils to keep exploring opportunities for improving collaboration and information sharing. While these may or may not result in formal s17A reviews being undertaken, they do contribute towards the overall intention behind s17A of exploring opportunities to improve service arrangements for our communities where there may be benefits in doing so.

2.2.2 Local Government Futures

In November 2014, the Local Government Futures project was formed to explore options for improving local government efficiency and effectiveness in the Bay of Plenty and surrounds. Meeting the requirements of section 17A service delivery reviews was one consideration when establishing the project. Table 1 lists the nine councils participating in the project.

Table 1: Councils participating the Local Government Futures

Bay of Plenty Region	Taupō District	Rotorua District
Tauranga City	South Waikato District	Whakatāne District
Western Bay of Plenty District	Ōpōtiki District	Kawerau District

To date, the project has produced a number of reports that are relevant to BOPRC's s17A review approach, these include:

- Local Government Service Delivery Models: this explores the opportunities presented through a range of service delivery models, such as those required to be considered through s17A service delivery reviews.
- Opportunities for improvement: this report discussed and identified a number of types of service where an opportunity was thought to exist to improve the efficiency and effectiveness of the services delivered. Transportation was included in the group of services identified.

The LGF project has contributed towards collaboration between councils as a means to deliver improvements to service efficiency and effectiveness for our shared communities. Further information on the Local Government Futures project, is set out in the separate paper 'Update on Bay of Plenty Local Government Futures project' on this Council agenda.

2.2.3 BOPLASS led section 17A project

The overall objectives and vision for BOPLASS continue to be supported by council. The shared service opportunities and joint procurement exercises run by BOPLASS is expected to provide on-going savings and value to BOPLASS councils. BOPRC will continue to explore further shared service opportunities with BOPLASS Councils where opportunities and willing partners are identified.

In February 2016, BOPLASS contacted BOPRC to discuss the option of participating in, and helping fund, a project for Bay of Plenty Councils to collaborate on section 17A reviews. A key purpose of the project was to identify activities that would provide opportunities for joint reviews.

Through internal analysis coupled with discussion with Waikato Regional Council, it became evident that clear opportunities for collaboration exist for TLAs within a region, however fewer opportunities for collaboration between TLAs and regional councils exist. Because of this, BOPRC decided to manage the s17A separately from the BOPLASS project.

In January 2017, an update on the project was received from TLAs in the region advising that BOPLASS engaged consultants for the project in conjunction with the Councils who elected to be a part of the initiative. This includes Tauranga City Council, Western Bay of Plenty, Gisborne, Whakatāne, Ōpōtiki and Kawerau District Councils.

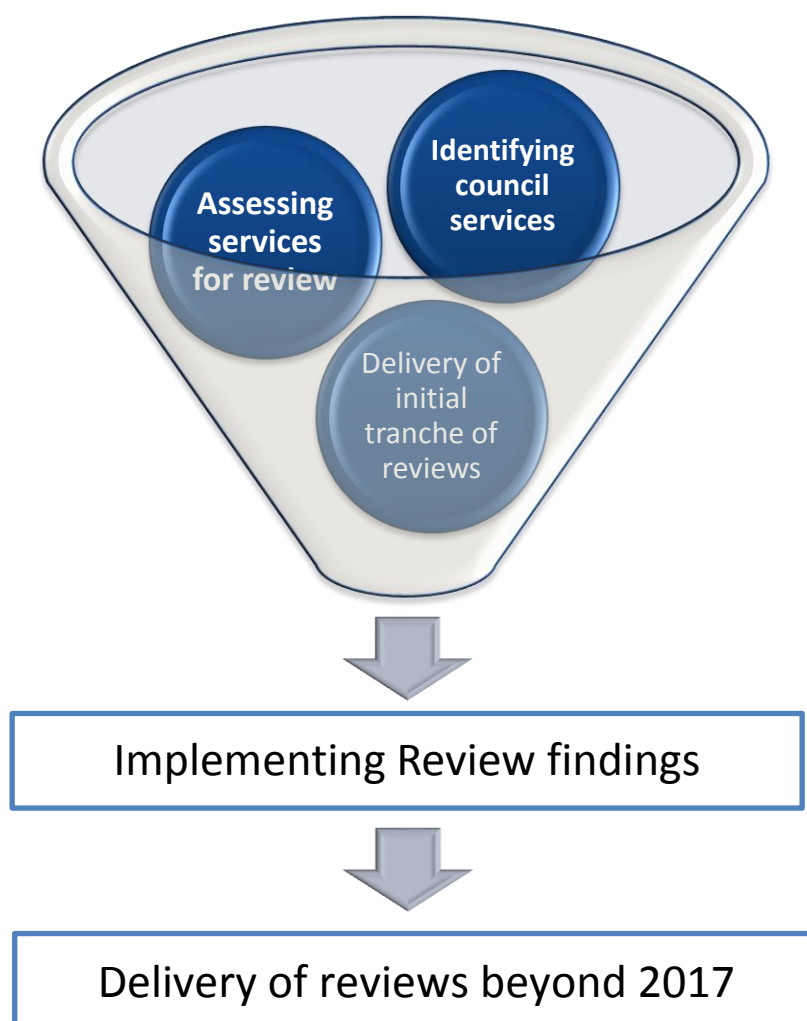
The project identified three potential areas for collaboration between TLAs in the region: waste (led by Ōpōtiki), regulatory services (led by Tauranga), and recreational services (led by Western Bay). Transport and water services were excluded from the review process because of work being undertaken through Local Government Futures.

This supported BOPRC's initial view that the likely opportunities identified through the BOPLASS project as collaborative services were typically restricted to services delivered by TLAs alone. While there may have been opportunity around regulatory services, this would have been limited by the different legislative roles that councils fulfil.

3 Approach to delivering s17A Service Delivery Reviews

After completing analysis of the available guidance material, discussions and information with other councils and internal discussions, an approach was prepared for delivering a service delivery review programme to meet the requirements of section 17A. This approach is summarised below and a detailed description is included in Appendix 1.

Figure 1: Approach to delivering s17A service delivery reviews



This approach is based on five key phases:

1. **Identifying council services** – Bay of Plenty Regional Council's activities are listed in the Long Term Plan 2015-2025. For the purposed of the s17A reviews, the 35 activities described in the Long Term Plan 2015-25 are considered as the services to be potentially reviewed.
2. **Assessing services for review** – A template was developed based on available SOLGM and Giblin Group guidance material to provide an assessment as to whether a review was likely to deliver improvements to the cost effectiveness of the service to the community. This assessment includes:
 - a. The nature of the governance and funding arrangements for a service.

- b. Critical success factors likely to impact the deliverability of a review and implementation of review findings.
 - c. Overall funding levels and the potential for improving service delivery.
 - d. Legislative requirements.
3. **Delivery of initial tranche of reviews** - by August 2017. Reviews would make a recommendation on any identified ways to improve the cost effectiveness of the service through considering governance, funding, and delivery of the service.
 4. **Implementing review findings** – Any approved review findings would need to be implemented. It is possible that initial reviews may identify the requirement for a more detailed business case to confirm costs, benefits and the required change management.
 5. **Delivery of reviews beyond 2017** - Development of a forward calendar and identifying and amending key Council policies to ensure s17A requirements are met beyond August 2017.

This approach is designed to balance the need to comply with the legislation together with a pragmatic view of the need to manage Council's resources. It is useful to note that we have been advised that s17A reviews are not going to be formally externally audited.

4 Identification and Assessment

An assessment of the 35 services, based on the 35 activities listed in the Long Term Plan 2015-2025, was completed.

The assessment of delivering section 17A service delivery reviews was conducted using the 'Approach to delivering service delivery reviews' included in Appendix 1. This is based on SOLGM and Giblin Group guidance material and includes consideration of the 'principles for success' in section 1.1.

4.1 Assessment of Services for Review

Two services have been assessed as benefitting from a review in the first tranche of reviews to be delivered by 8 August 2017. These are Transportation and Geothermal. The Transportation review is being delivered through the Local Government Futures project, and Geothermal is a potential joint review with Waikato Regional Council. Services have been grouped together in the table below, and further detail outlining the rationale for reviewing, or not, individual services can be found in Appendix 2.

Summary of Services for the purpose of section 17A service Delivery Reviews			
Group of Activity/Services included	No review	Small/medium review	Large Review
Integrated Catchment Management	X		
Flood Protection and Control	X		
Resource Regulation and Monitoring	X		
Transportation			
<i>Passenger transport</i>			X

<i>Transport Planning</i>			X
Regional Development	X		
Regional Parks	X		
Emergency Management	X		
Regional Planning and Engagement	X*		
<i>*Geothermal</i>		X (TBC - see below)	
Technical Services	X		
Corporate Services	X		

5 Initial Reviews

5.1 Passenger Transport and Transport Planning

The Local Government Futures Project commissioned work focused on improving the efficiency and effectiveness of transport network services in the region. Work produced that directly relates to the s17A review requirement includes:

- Revised Draft Transportation Regional Strategic Assessment (in conjunction with the New Zealand Transport Agency (NZTA)): this document considers the strategic case for changing our approach to delivering transportation outcomes.
- Transportation Functional Assessment: Indicative Business Case (in conjunction with the NZTA): this business case establishes the basis for developing a more collaborative approach to the management and operation of transportation networks in the Bay of Plenty and identifies a list of options recommended for further assessment through the development of a detailed business case.

It is recommended that Council confirms that the section 17A review requirements have been met for Transport through the Local Government Futures project, with any future steps arising from the LGF project work on Transport to be closely monitored.

5.2 Geothermal

The potential for a collaborative review of services related to Geothermal has been discussed and is currently being explored with Waikato Regional Council. Waikato and Bay of Plenty Regional Council currently collaborate closely in relation to Geothermal services.

Once the opportunity is scoped, a decision will be made on whether a joint review is likely to deliver sufficient benefits to warrant a joint review is undertaken. The initial assessment by both Waikato Regional Council and Bay of Plenty Regional Council indicated that a review carried out individually was unlikely to deliver significant cost effectiveness improvements for our communities.

6 Next Steps

6.1 Implementation of initial tranche of reviews

A driver for delivering the initial tranche of s17A reviews is to ensure any relevant reviews are completed in order to input into the development of the LTP 2018-2028.

Any future steps arising from the LGF project work on Transport will be closely monitored to ensure it is appropriately fed into the development of the 2018-2028 Long Term Plan.

Pending the outcome of the assessment of a Geothermal services review, any review required will be completed to ensure it can be an input into the development of the 2018-2028 Long Term Plan.

6.2 Ongoing implementation of s17A - beyond August 2017

The legislation requires that each service must be reviewed at least once every six years. In addition to this, two triggers exist within the legislation that may prompt a s17A review earlier:

- When a local authority is considering a significant change to a level of service
- When a contract or other binding agreement is within two years of expiration.

To ensure these requirements are met a forward calendar of reviews will be established post August 2017 and key Council and processes will be amended to consider whether changes trigger a s17A review.

7 Council's Accountability Framework

7.1 Community Outcomes

The Local Government Act Service Delivery Reviews programme of work directly contributes to the Regional Collaboration & Leadership Community Outcome in the council's Long Term Plan 2015-2025.

7.2 Long Term Plan Alignment

S17A service delivery reviews are a legislative requirement of the Local Government Act 2002, with the first series of reviews required to be completed by early August 2017.

This work is planned under the Organisation Planning and Reporting Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is being undertaken within the current budget for the Organisational Planning and Reporting Activity in Year 2 and 3 of the Long Term Plan 2015-2025. An increase in the number or size of reviews to be completed would require increased expenditure.

Future Budget Implications

Future work on Local Government Act Service Delivery Reviews is provided for in Council's Long Term Plan 2015-2025. An increase in the number or size of reviews proposed would require increased expenditure.

Mark Le Comte

Organisational Planning Manager

for General Manager, Corporate Performance

11 April 2017

APPENDIX 1

Approach to delivering service delivery reviews

Appendix 1: Approach to delivering service delivery reviews

BOPRC approach to delivery of services under section 17A of the LGA

What are the requirements of the legislation?

In 2012, the Government made a number of changes to the Local Government Act (2002) (LGA) as part of the Better Local Government reform programme; this included the introduction of s17A of the Local Government Act.

Section 17A requires councils to conduct service delivery reviews to:

Review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

The reviews must consider the cost-effectiveness of funding, governance and service delivery arrangements and include looking at alternatives such as; council-controlled organisations (CCOs), collaboration with another local authority or agency or through the private or community sector.

The reviews do not consider whether councils should provide a particular service, only how the services are delivered and associated costs.

The intent of the legislation is to encourage efficiencies as well as collaboration between councils. In addition to being a legal requirement, reviews provide an opportunity to improve the delivery of services to our residents, ratepayers and visitors.

A copy of the section is available at: [LGA section 17A](#)

When is a review required?

The first reviews are due to be completed by 8 August 2017, with an ongoing requirement to review services at such times as the local authority considers desirable, but not later than 6 years following the last s17A review.

In addition, there are two additional triggers for a section 17A review:

1. When council is considering a significant change to a level of service.
2. When a contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function is within two years of expiration.

Exceptions to carrying out a review under s17A

However the legislation does provide for exemption from, or deferral of, a review if certain conditions are met, these are if:

- There is a contract or other agreement in place that cannot reasonably be changed within two years.
- The Council is satisfied that the costs of doing a review outweigh the benefits of doing a review.

Determining services for the purposes of s17a of the LGA

Bay of Plenty Regional Council's activities are listed in the Long Term Plan 2015-2025. For the purpose of the s17A reviews, the 35 activities described in the Long Term Plan 2015-25 are considered as the services to be reviewed. These services are

Services for the purpose of section 17A service Delivery Reviews	
Number	Activity/services
Integrated Catchment Management	
1	Kaituna
2	Tauranga Harbour
3	Rotorua Lakes
4	Rangitāiki
5	Other Eastern Catchments
Flood Protection and Control	
6	Rivers and Drainage Schemes
7	Regional Flood Risk Coordination
Resource Regulation and Monitoring	
8	Biosecurity
9	Rotorua Air Quality
10	Resource Consents
11	Pollution Prevention
12	Maritime Operations
Transportation	
13	Transport Planning
14	Passenger Transport
Regional Development	
15	Regional Infrastructure
16	Regional Economic Development
Regional Parks	
17	Regional Parks
Emergency Management	
18	Emergency Management
Regional Planning and Engagement	
19	Regional Planning
20	Māori Policy
21	Geothermal
22	Kotahitanga/Strategic Engagement (Incl. EEF)
23	Governance Services
24	Organisational Planning & Reporting
25	Land and Water Framework
Technical Services	
26	Geospatial
27	Engineering
28	Data Services
29	Science
30	Information Technology

Corporate Services	
31	Communications
32	People and Performance
33	Support Services
34	Corporate Property
35	Finance

Assessment of services for review

In order to determine if a review is required and the extent of the review, an assessment is carried out. This assessment considers the nature of the governance and funding arrangements for an activity, overall funding levels and the potential for improving service delivery, as well as principles and success factors for undertaking a review (see below).

This approach is designed to balance the need to comply with the legislation and the need to manage our resources and is informed by SOLGM's 'best practice' advice on service delivery reviews, Giblin Group's 'Service Delivery Review Guidance for the Regional Sector' and consideration of approaches being adopted by other Councils.

A template has been developed to assist with the assessment, and ensure a consistent approach.

Key principles and success factors for undertaking a review

Bay of Plenty Regional Councils assessment of services for the purpose of section 17A includes the consideration of the following principles and success factors.

- Availability of competitive market for delivery of services if considering an alternative mechanism to in house delivery.
- A clear opportunity to improve an existing service exists e.g. external expertise is better than current in house expertise?
- Potential for economies of scale
- Understanding the expectations of other key parties and legislative restrictions, e.g. NZTA rules regulations around funding they provide.
- Need for 'willing partners' when considering sub or inter regional collaborations on service delivery reviews.
- Ensuring compliance with the legislation (Local Government Act 2002, s 17A)

Delivery of reviews

Pending the result of the assessment, a service delivery review may be required. The scale of the review will be indicated through the assessment.

A template for an internal desktop review is being developed and can be provided.

For more comprehensive reviews, in particular collaborative reviews, this will require further input from relevant parties, however the minimum requirements of the review are provided for in the assessment and desktop review templates.

APPENDIX 2

Summary of assessments

Appendix 2: Summary of assessments

This section provides further detail on the assessment of activities/services and the rationale for delivering or not delivering in the first tranche of reviews (by 8 August 2017).

Summary of Services for the purpose of section 17A service Delivery Reviews			
Review #	Activity/services included	Decision	Rationale
Integrated Catchment Management			
1	Kaituna	No Review	A recent reorganisation of how services are delivered was completed in 2015.
2	Tauranga Harbour	No Review	A recent reorganisation of how services are delivered was completed in 2015.
3	Rotorua Lakes	No Review	A recent reorganisation of how services are delivered was completed in 2015.
4	Rangitāiki	No Review	A recent reorganisation of how services are delivered was completed in 2015.
5	Other Eastern Catchments	No Review	A recent reorganisation of how services are delivered was completed in 2015.
Flood Protection and Control			
6	Rivers and Drainage Schemes	No Review	Contractor panel agreements in place through to 2019. Cost of a review would outweigh benefits at this time.
7	Regional Flood Risk Coordination	No Review	Limited scope for cost savings - cost of a review would outweigh benefits.
Resource Regulation and Monitoring			
8	Biosecurity	No Review	This is a core service where retaining capability and capacity in house is valuable. Contractor panel agreements in place through to 2019. Assessment indicated the cost of a review would outweigh benefits at this time.
9	Rotorua Air Quality	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
10	Resource Consents	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
11	Pollution Prevention	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
12	Maritime Operations	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
Transportation			
13	Passenger Transport	Large Review	Service selected by the Local Government Futures project for a review.
Regional Development			
14	Regional Infrastructure	No Review	Limited scope for cost savings - cost of a review would outweigh benefits at this time.
15	Regional Economic Development	No Review	Limited scope for cost savings - cost of a review would outweigh benefits at this time.
Regional Parks			
16	Regional Parks	No Review	Limited scope for cost savings - cost of a review would outweigh benefits at this time
Emergency Management			
17	Emergency Management	No Review	Recently reviewed - cost of a review would outweigh benefits at this time.
Regional Planning and Engagement			
18	Regional Planning	No Review	This is a core service where retaining capability and capacity is valuable to retain in house. The cost of a review

			would outweigh benefits.
19	Māori Policy	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
20	Geothermal	TBC as at 31/03/17	The potential for a collaborative service delivery review of services related to Geothermal is currently being explored with Waikato Regional Council. Once the opportunity is properly scoped, a decision will be made on whether a joint review, an individual review, or no review will be undertaken.
21	Kotahitanga/Strategic Engagement (Incl. EEF)	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
22	Governance Services	No Review	Considered out of scope of review – refer to Corporate services.
23	Transport Planning	Large Review	Service selected by the Local Government Futures project for a review
24	Organisational Planning & Reporting	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
25	Land and Water Framework	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
Technical Services			
26	Geospatial	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
27	Engineering	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
28	Data Services	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
29	Science	No Review	This is a core service where retaining capability and capacity in house is valuable. Assessment indicated the cost of a review would outweigh benefits at this time.
30	Information Technology	No Review	Considered out of scope of review – refer to Corporate services.
Corporate Services (Internal)			
31	Communications	No Review	BOPRC are committed to exploring and taking advantage of shared service opportunities across the Bay of Plenty where they make sense from a cost effectiveness and/or an improved customer experience. BOPRC currently provide shared services for Ōpōtiki and Kawerau District Councils which include: GIS, Communications, Human Resources and ICT Infrastructure and people support. BOPRC will continue to explore further shared service opportunities with BOPLASS Councils where opportunities and willing partners are identified.
32	People and Performance	No Review	
33	Support Services	No Review	
34	Corporate Property	No Review	
35	Finance	No Review	

APPENDIX 3

Key documents informing the report

Appendix 3 – Key documents informing this report

Local Government Act 2002 – Section 17A guidance

- Service delivery reviews: Conducting a service delivery review under section 17A of the Local Government Act 2002, SOLGM, September 2015.
- Service Delivery Reviews - Guidance for the Regional Sector, Giblin Group, December 2015.

Local Government Futures Reports – available on Stellar

- Bay of Plenty Local Government Futures Project: Local Government Service Delivery Models, Martin Jenkins, 30 April 2015.
- Bay of Plenty Local Government Futures Project: Opportunities for improvement, Martin Jenkins, 18 April 2016.
- Bay of Plenty Local Government Futures Project: Revised Draft Transportation Regional Strategic Assessment, Rationale Limited, 24 February 2016.
- Bay of Plenty Local Government Futures Project: Transportation Functional Assessment: Indicative Business Case, Rationale Limited, August 2016.

Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Fiona McTavish, General Manager, Strategy & Science

Science Services - Procurement Plan for Monitoring Bore Installation (Drilling) and Maintenance

Executive Summary

Capital expenditure is budgeted under the Science Activity in the Long Term Plan to expand and maintain the groundwater and geothermal bore monitoring network. The information collected under this programme includes aquifer location, geology, groundwater depth, flow rates, and water quality. This informs sustainable groundwater and geothermal allocation, and policy development.

Approval is sought from Council to take a Services Panel Contract to the market for this work, specifically for the installation and maintenance of groundwater bores. The key objective of this procurement is to engage a panel of suitably qualified groundwater drilling and maintenance contractors that can be called upon to undertake specific projects.

The budget for the ongoing capital works programme in the Long Term Plan 2015-2025 is approximately \$280,000 per annum (currently \$280,000 under the Draft Annual Plan 2017/18). The panel contract will be for a three-year term, with up to two extensions of one year. The overall value of the contract will therefore exceed the Chief Executive's delegation limit of \$400,000 as defined in the BOPRC Procurement Manual.

Recommendations

That the Regional Council:

- 1 Receives the report, Science Services - Procurement Plan for Monitoring Bore Installation (Drilling) and Maintenance;**
- 2 Approves going to market for a Science Services Panel Contract for Monitoring Bore Installation (Drilling) and Maintenance;**
- 3 Provides the Chief Executive with the delegated authority to approve the final multi-year Science Services Panel Contract;**
- 4 Notes that the capital budget for this work under the Long Term Plan 2015-2025 is approximately \$280,000 per annum and the contract is for a three-year term, with up to two extensions of one year;**

- 5 Notes that the overall value of the contract will exceed the Chief Executive's delegation limit of \$400,000 as defined in the BOPRC Procurement Manual as it is a multi-year contract.**

1 Background

Under the Long Term Plan 2015-2025 the Science Activity has an ongoing capital works programme to expand and maintain the groundwater and geothermal bore monitoring network. This forms part of our Natural Environment Regional Monitoring Network (NERMN) and helps inform sustainable groundwater allocation and policy development.

The type of information collected under the groundwater and geothermal monitoring programme includes aquifer location, geology, groundwater depth, flow rates, and water quality. There are currently more than 50 cold water bores that are routinely monitored across the region, along with six geothermal groundwater bores in the Rotorua Geothermal Field. Approximately 20 of the bores are monitored continuously (for water level) with the information available on the website, while the remainder are monitored manually.

2 Approval Sought

Approval is sought from Council to take a Services Panel Contract to the market for the ongoing expansion and maintenance of the groundwater and geothermal bore monitoring network. The key objective of this procurement is to engage a panel of suitably qualified groundwater drilling and maintenance contractors that can be called upon to undertake specific projects. Contractors accepted through this process will be issued with briefs and submit proposals for individual works as required.

The budget for the ongoing capital works programme in the Long Term Plan 2015-2025 is approximately \$280,000 per annum (currently \$280,000 under the Draft Annual Plan 2017/18). The panel contract will be for a three-year term, with up to two extensions of one year. The overall value of the contract will therefore exceed the Chief Executive's delegation limit of \$400,000 as defined in the BOPRC Procurement Manual.

A copy of the Comprehensive Procurement Plan for this work is attached as Appendix 1.

3 Council's Accountability Framework

3.1 Community Outcomes

This project directly contributes to the Water Quality and Quantity, Environmental Protection and Economic Development Community Outcomes in the council's Long Term Plan 2015-2025.

3.2 Long Term Plan Alignment

This work is planned under the Science Activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work will be undertaken within the current budget for the Science Activity in the Annual Plan 2017/18.

Future Budget Implications

Future work on this project is provided for in Council's Long Term Plan 2015-2025.

Rob Donald
Science Manager

for General Manager, Strategy & Science

10 April 2017

APPENDIX 1

Comprehensive Procurement Plan

Comprehensive Procurement Plan

1. Overview of procurement

Project name (if applicable)	Science Service Monitoring Bore Installation (Drilling) and Maintenance Supplier Panel Contract 2017 0099
Short description	The Groundwater and Geothermal bore monitoring network program requires the installation and maintenance of bores for monitoring of the groundwater and geothermal resources.
Procurement Project Leader	Janine Barber, Senior Environmental Scientist.
Date of Procurement Plan	5 April 2017.
Proposed supply arrangement	Panel of suppliers. Proposed term of contract three years – 1 year followed by a 1+1 right of renewal.

2. Background

Current situation	Current supply arrangements with the incumbent supplier will come to an end 30 June 2017. The Long Term Plan 2015-2025 contains the relevant capital expenditure budget for the bore installation and bore maintenance program of the groundwater and geothermal bore monitoring network. This work program is to continue from 2017/2018 financial year onwards and requires a supply contract in place to support the work program.
Previous procurement process	2012 - a closed tender process with drilling companies in the upper North Island.
Issues and opportunities	<p>Opportunities:</p> <ul style="list-style-type: none"> • Knowledge of plant/equipment available and the skills, qualifications, relevant experience of the personnel we will be working with. • Flexible supply which is able to adjust to amended work programs. • Bulk purchasing of materials creates financial savings. • High standards of construction and site management particularly important for safety and environmental considerations. • Robust contract administration associated with a fixed price list and formulas for consistent cost calculation and budget management. <p>Issues:</p> <ul style="list-style-type: none"> • Capability - limitations to geothermal bore installation and maintenance capability and right size plant. • Capacity - limitations on deliverability of the drill/maintenance programs where there is a shortage of staff and equipment at required times.

3. Requirements

Overview of requirements	Access to a range of appropriate equipment/plant and qualified staff to operate machinery for certain drill and maintenance programs. This is for the installation of bores to NZ standards and for bore maintenance.
Scope of the supply arrangement	<p>The scope includes:</p> <ul style="list-style-type: none"> • purchase of materials and equipment • site visit of work location • installation of bore to NZ standards • lithology sample collection • bore log and construction record • hydraulic testing • coring and water sample collection <p>Depending on the site and nature of the works the scope may also include:</p> <ul style="list-style-type: none"> • pump installation • bore decommission • down-hole camera work and footage • temperature profiles • preferred methods of drilling dependant on site conditions • bore development for maintenance. <p>Other considerations include engagement of electrician for connection to power supply, arrangements for working near power lines and underground services, traffic management where necessary. Contribution to site security may be included. Excluded is negotiation and agreement for landowner access; bore permit process, analysis of samples or records.</p>
Performance, functionality or technical standards to be met	The supplier requires specific equipment/plant depending on the drill program or maintenance works required. All drill programs are to comply with the relevant NZ drilling standards, related Health and Safety legislation and standards, and BOPRC consent conditions where required.
Constraining factors that limit the range of goods / solutions.	Limited supply market
Key deliverables and milestones to be met	<p>Once the panel is established, the following arrangements will be in place for each project:</p> <p><u>Work brief</u></p> <p>A work brief will be prepared by Council for each project providing background, scope of work and all relevant details relating to the job; location, construction, testing, estimated costings and timeframes.</p> <p><u>Cost estimates</u></p> <p>Panel suppliers will provide an estimate of costs for each work brief, and for costs to be approved prior to commencement of work by Procurement Project Leader. If there is any deviation from original scope of work, estimate of cost or methodology, then a separate purchase order or similar should be submitted for approval before proceeding.</p> <p><u>Performance</u></p> <p>Installation of 'to specification' monitoring bores undertaken in a timely manner. Inspection and maintenance of specified bores undertaken in a timely manner.</p>
Delivery requirements	<p>Bore log, bore construction and bore completion report. All samples and data recordings, including supply of camera footage, photos of finished sites, installation of bore identify tags, and compliance with consent conditions.</p> <p>Finished bore and head-works to specified standards, and where required, pump installation and commissioning.</p>
Mandatory requirements	Appropriate Health and Safety Prequalification and Price Schedule

4. Market considerations

Market characteristics	<p>In the upper North Island possibly less than ten suppliers could be interested in the contract opportunity depending on the nature of the work program i.e. geothermal or groundwater bore installation, maintenance program. The whole-of-life contract work programs require a variety of specific plant/equipment and expertise, that no one supplier can provide. Council knows this from the years of working and contracting suppliers for these various work programs.</p> <p>Suppliers that have specific equipment/plant and expertise in certain areas would have advantage over other suppliers for the work i.e. geothermal or groundwater bore installation, or maintenance programs.</p> <p>Itinerary of materials are required and materials purchased to set NZ standards i.e. casing and screen materials.</p>
Impact of this procurement on the market	This procurement would not significantly change the market share of any of the suppliers nor would it impact on the market.
Early market engagement	A Notice of Intention has been published on GETS advising of the Council's intention to establish a panel of suppliers.

5. Health and safety considerations

Health and safety in design.	This is a critical factor in determining a company. A robust Health and Safety Plan document and implementation of the document is necessary.
Elimination of health and safety risks where practicable.	<p>Health and safety prequalification is mandatory.</p> <p>For each project, suppliers must prepare a Health & Safety Plan identifying the risks and how these will be avoided or managed.</p> <p>Auditing and monitoring will be carried out by the Council.</p> <p>Regular meetings and reporting.</p>

6. Sustainability considerations

Consumption and demand	Purchased are the materials required for the installation of a bore, also pumps (as necessary) and materials to decommission a bore, or materials to maintain bore integrity.
Environmental considerations	Resource Consent is required for the installation of a bore. Environmental considerations are dealt with under condition of consent.
Economic considerations	Suppliers are supported locally from agriculture and horticulture industry, and municipal/domestic water supply. This work program provides further work opportunities. The Panel of Suppliers provides suppliers (who have appropriate equipment/plant and expertise) to be employed for specific work programs.

7. Estimate of total cost

Estimated total cost of the contract	\$810,000 (\$270,000 per year for three years) for FY2017/18, 2018/19, 2019/20.
Value for money	A Schedule of Prices will form part of the contract and will set out costs for labour, materials, gear and equipment, set-up and dismantle, relocation, coring, pump testing, and sundry e.g. accommodation (if necessary), site clearing.

Confirm budget available	Long Term Plan 2015-2025 and draft Annual Plan17/18.
External funding	No.

8. Stakeholders and communications

Users of the supply arrangement	Science, Planners and Consent staff will use information collected from these works. Data will be stored managed and retrieved via Environmental Data Services staff. All information is discoverable and will be made available to the public, consultants and research agencies.
Collaboration opportunities	Work is specific to our region.
Communications channels	Science Team - Janine Barber, Senior Environmental Scientist

9. Overview of sourcing approach

Degree of competition	Open Tender
Stages and type of request	Request for Proposal (standard version) – single step
Submissions	One envelope - Supplier submissions are to be requested in one envelope setting out what the supplier can offer (non-financial attributes) and the completed price schedule template.
Proposed form of contract	Supplier Panel Contract
Commentary to support any departure from the standard procurement procedures	N/A

10. Selection criteria (Indicative)

Evaluation method	Weighted attribute	
Criteria with weightings	Criteria	Weighting
	Relevant experience in delivering similar services and operation of plant/equipment	50%
	Relevant plant and equipment; and personnel	50%
	Price is not a weighted attribute.	
Due diligence (recommended)	Health and Safety prequalification / Insurance / Referee checks / Financial review	

11. Key milestones for procurement (Indicative)

Approach market by:	21 April 2017
Submissions closing date:	9 June 2017.
Panel selected by:	30 June 2017.
Contract commencement by:	1 July 2017.

12. Staff involved

Procurement Project Team	Janine Barber, Senior Scientist (Groundwater and Geothermal Programs); Raoul Fernandez, Team Leader Science: Water Quantity Non-voting: Debbie Hyland (Finance & Procurement Manager)
Others	Rob Donald, Manager Science.

13. Risks – see attached Procurement Risk Register (Tab 1 & 2)

14. Quality assurance and probity

Quality assurance	By compliance with the requirements set below.
Probity	Procurement



Probity in this procurement will be managed by:

- acting fairly, impartially and with integrity, acting lawfully, and being accountable and transparent.
- ensuring compliance with the Council's code of conduct is complied with.
- ensuring that financial authority for the procurement is approved before proceeding to tender.
- identifying and effectively managing all conflicts of interest.
- protecting the supplier's commercially sensitive and confidential information.
- offering each supplier a comprehensive debrief at the end of the tender process.

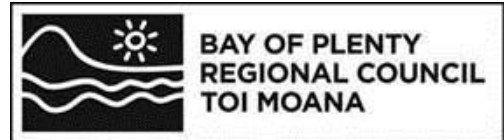
15. Procurement process approvals

Invitation is fit for release	Activity Manager
Selection / shortlisting recommendation is approved	Chief Executive – sub delegation from Council
Draft contract is appropriate	Activity Manager
Award of contract (offer acceptance)	Chief Executive – sub delegation from Council

16. Endorsements and approvals

	Name	Role	Signature	Date
Prepared by:	Janine Barber	Procurement Project Leader		April 2017
Procurement:	Debbie Hyland	Finance Manager		April 2017
Approved (Delegated Financial Authority):				

Receives Only – No Decisions



Report To: Regional Council

Meeting Date: 20 April 2017

Report From: Mary-Anne Macleod, Chief Executive

Awatarariki Fanhead Hazard Risk

Executive Summary

Whakatāne District Council has considered options for addressing the high risk to residents living in the Awatarariki Fanhead area at Matatā from debris flow. Mayor Tony Boone and Chief Executive, Marty Grenfell, will present on the issues and options for addressing this risk.

Whakatāne District Council is to shortly consult with the Matatā community on the options and seek their feedback and preferences, with a view to notifying a plan change to its district plan in July to rezone the affected land.

Staff will come back to Council with matters to consider at a subsequent meeting.

Recommendations

That the Regional Council:

1 Receives the report, Awatarariki Fanhead Hazard Risk;

1 Background

A severe rainfall event on 18 May 2005 resulted in debris flows and flooding through parts of Matatā causing the destruction of 27 homes and damage to 30% of properties in the urban area. The largest debris flow came down the Awatarariki Stream destroying and damaging homes and property.

A Voluntary Retreat framework has been proposed by Whakatāne District Council for properties in the high debris flow risk area on the Awatarariki fanhead that is subject to sourcing adequate levels of external funding.

On 2 July 2015, the Whakatāne District Council Policy Committee resolved that:

- WDC staff progress a voluntary managed retreat option;
- That a voluntary managed retreat option is contingent upon securing funding support across all three levels of government (including Whakatāne District Council, Bay of Plenty Regional Council, and Central Government); and

- That a threshold of 90% of landowners to a settlement agreement is necessary before any formal approach to regional and central government can be considered.

A presentation was previously given to Regional Council on 19 November 2015.

2 Planning implications

The risk assessment approach that has been followed by WDC is consistent with the Regional Policy Statement natural hazard policy requirements. This requires high risk to be reduced.

3 Regional Council implications

Whakatāne District Council has identified five options to reduce the natural hazard risk. It is to shortly consult on those options with the Matatā community.

Staff will come back to Council with matters to consider at a subsequent meeting. That includes what role, if any, Council may choose to take in assisting with the Voluntary Retreat option and any necessary regulatory response.

Regional Council has been approached to introduce a regional rule to control land use and prevent reinstatement of a pre-existing use, for the purpose of avoiding or mitigating natural hazards. Such a rule would have no corresponding legal obligation to pay compensation.

4 Council's Accountability Framework

4.1 Community Outcomes

Any consideration by Council would sit within the Resilience and Safety Community Outcome in Council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

Any responsive planning work is not planned for under the Regional Collaboration and Leadership activity in the Long Term Plan 2015-2025.

Current Budget Implications

This work is outside the current budget for the Regional Safety & Resilience Activity in the Draft Annual Plan 2017/18 or the Long Term Plan 2015-2025.

Future Budget Implications

Any future assistance to WDC with reducing the natural hazard risk in the Awatarariki Fanhead area is currently not included in Council's Long Term Plan 2015-2025.

Chris Ingle
General Manager, Integrated Catchments

for Chief Executive

10 April 2017

