

# Pre-election REPORT 2019

*Mai i Ngā Kurī a Whārei ki Tikirau  
Mai i Maketū ki uta mai ki Taupō-nui-a-Tia*

*Ko te rohe kaunihera tēnei o Toi Moana*

*Kia toi te whenua, kia toi te moana,  
kia toi te taiao, kia toi te iwi*

*Tihei Mauriora!*

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Ngā mihi maioha ki a koutou katoa.

Ko Toi Moana he rohe ngangahau, hihiri hoki. Ko te ngangahau te kaha o te rohe nei.

Heoi anō he maha ngā wero ki mua i a tātou. Ko te take o te rīpoata nei he whakaaturanga wero me ngā mea angitu anō hoki.

Ehara taku toa i te toa takitahi. Engari, he toa takitini. E Koekoe te tūi, e ketekete te kākā, e kuku te kererū. Ko ēnei ngā uri a Tāne Māhuta

Kua takoto te mānuka, kua riro a te kaunihera ki te hikina te mānuka kia puāwai ngā wawata o te rohe.

Mā whero, mā pango ka ora ai te rohe.

*Stretching from Waihi Beach to East Cape  
From Maketū to just inland of Lake Taupō*

*This is the region of the Bay of Plenty  
Regional Council*

*Let the land prosper, let the oceans and  
lakes prosper, let the environment prosper  
so that we, the people, prosper.*

*Tis Life!*

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Warm and affectionate greetings to you all.

Toi Moana is a vibrant and dynamic community. This vibrancy and dynamism is our strength.

With such vibrancy, however, comes many challenges. This report describes both the challenges and opportunities that lie within our region.

Success is not the work of one, but the work of many. Your council is made up of many types of people all contributing, in their own way, to the wellbeing of our community and environment.

The challenge has been laid down for all of us. It is up to your council to pick up this challenge and create opportunities on your behalf.

Leadership and togetherness sustains our region.



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# Message from the Chief Executive

*I am pleased to present our pre-election report. This report provides information about our region, the strategic challenges we face and the work we will do to deliver on the Community Outcomes set out in our strategic framework from our Long Term Plan 2018-2028. It also provides summary financial information.*

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Our vision of **'Thriving Together – mō te taiao, mō ngā tāngata'** is about supporting our environment and our people to thrive. Our work is focused around four outcomes we're working towards for the community: a healthy environment, freshwater for life, safe and resilient communities, and a vibrant region. Our emphasis for the next 10 years is on continuing to deliver our services and functions to the community in a financially sustainable and affordable way.

Looking after the environment is at the heart of what we do. Our role is different to that of the other local councils in the region: the District and City Councils focus on services for the communities within their own areas, such as water supply, sewerage, road maintenance, land-use and subdivisions, and community services – libraries, swimming pools and recreational areas. Our focus is at the regional level: managing the effects of people's use of freshwater, land, air and coastal water through regional rules and policies and issuing consents. We manage the region's rivers with responsibility for flood control, and also coordinate navigation safety and emergency management in the region. We have a broader responsibility, with others, for the economic, social and cultural well-being of the regional community, which includes planning regional transport and providing public transport services.

Some of the highlights of our work for the next few years include:

- Continuing the delivery of the Kaituna River Re-diversion and Te Awa o Ngātoroirangi / Maketū Estuary Enhancement project to improve the environment by recreating wetlands and protecting waterway margins.
- Implementing actions under our Climate Change Action Plan which was agreed by Council in June 2019.

- Continuing to partner with Te Arawa Lakes Trust and Rotorua Lakes Council to deliver the Rotorua Te Arawa Lakes Programme to improve water quality in the Rotorua Lakes.
- The continued implementation of the National Policy Statement for Freshwater Management.
- Keep progressing the Rangitāiki Floodway Upgrade Project to improve resilience to flooding, and the Rivers and Drainage Flood Repair Project to repair approximately 520 sites damaged during the April 2017 flooding event.
- Continue to provide Civil Defence Emergency Management (CDEM) services to the Council, as well as regional emergency management leadership.
- Keep working with our local and central government partners to deliver public transport services in the western Bay of Plenty that play a bigger role in delivering an optimised transport network. This includes trialling fare-free bus services for Tauranga students, and a trial for additional regional commuter services.
- Delivering our Buildings Upgrade Project to refurbish Regional House in Tauranga, our offices in Whakatāne, and moving into a new premise in Rotorua.



**Fiona McTavish**  
Chief Executive

# What's happening in 2019/20?

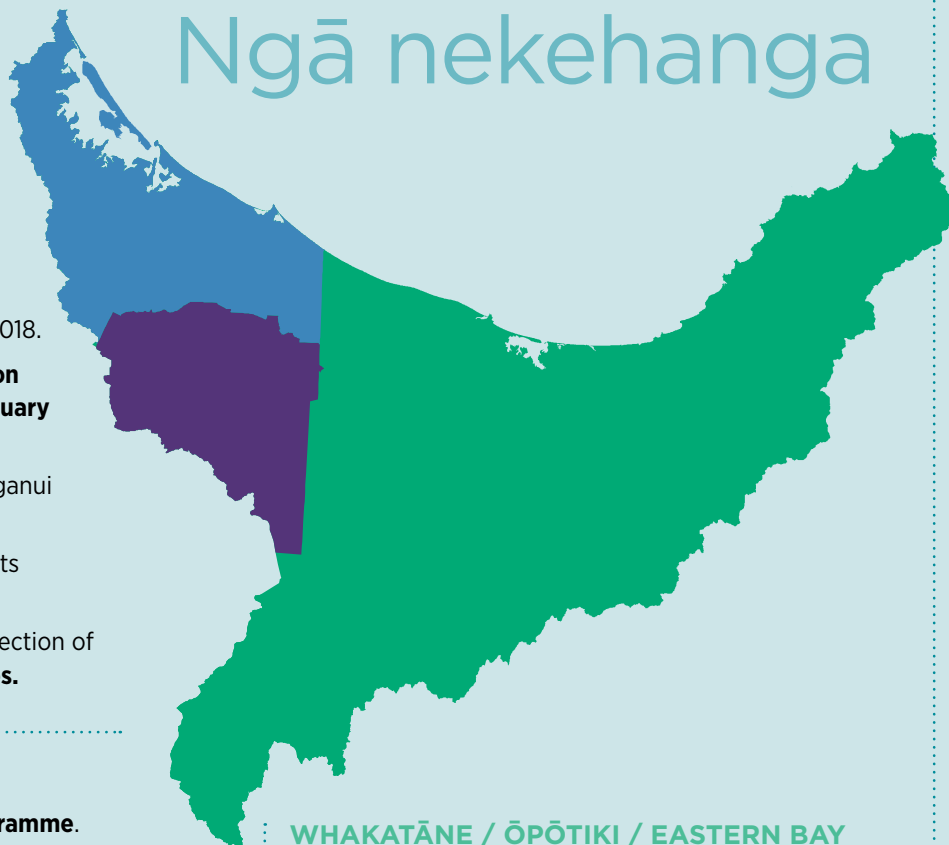
## WESTERN BAY / TAURANGA

- Support the **Tauranga Moana Programme** to work on maintaining and improving the health of the harbour and its catchment.
- Continue the implementation of the **Western Bay of Plenty Public Transport Blueprint** which began on 10 December 2018.
- Completing the **Kaituna River Re-diversion and Te Awa o Ngātoroirangi / Maketū Estuary Enhancement** project.
- Monitoring **air quality** in the Mount Maunganui Industrial Area.
- Trialling **fare-free travel** for school students in Tauranga.
- Allocated additional funding into the protection of biodiversity in the **Kaimai Mamaku Ranges**.

## ROTORUA

- Deliver the **Rotorua Te Arawa Lakes Programme**.
- Continue the **Rotorua Air Quality** programme – including hot swap loans.
- Support the **Scion Innovation Centre** – \$2.5 million budgeted to partner with Scion and construction scheduled in 2019/20.
- Support the delivery of **Rotoiti/Rotomā sewerage reticulation**.

## Ngā nekehanga



## WHAKATĀNE / ŌPŌTIKI / EASTERN BAY

- Continue to deliver the **Flood Repair Project** following the eastern Bay floods in April 2017.
- Continue the **Rangitāiki Floodway Upgrade Project**.
- Continue to support the **Ōhiwa Harbour Implementation Forum** with the implementation of the **Ōhiwa Harbour Strategy**.

## REGION WIDE

- Undertake maintenance, renewals, and capital projects for **rivers and drainage schemes** across the region.
- **Respond to environmental complaints and incidents**, and carry out enforcement action where appropriate.
- Provide **resource consent application processing** services to meet growing demand.
- Provide a **24/7 navigation safety and maritime oil spill response** across the region.
- Introduce a new operating model for the **Bay of Connections regional growth development framework**.
- Deliver the **Regional Pest Management Plan** including working to prevent further catfish incursions and containing the spread of wallabies.
- Provide **public passenger transport services** across the region.
- Support **Civil Defence Emergency Management** (CDEM) services across the region.
- Increasing funding to support our work around responding to **climate change**.
- Introducing additional services to support **tertiary and commuter bus services** across the Bay of Plenty.
- Working with service providers and other councils to agree a new approach for **funding regional safety and rescue services**.



# Our Region

## THE COUNCIL

Bay of Plenty Regional Council has 14 councillors, with 11 elected from four general constituencies – Tauranga (five councillors), Rotorua, western Bay of Plenty and eastern Bay of Plenty (two each), while voters on the Māori roll elect one councillor from each of the three Māori constituency areas – Kōhi, Mauao and Ōkurei.

Nearly 400 full-time staff are employed by the Regional Council – working from six offices across the region: in Whakatāne, Tauranga, Mount Maunganui, Rotorua, Edgumbe and Ōpōtiki. Our staff carry out the day to day work of the Council and provide the information and expertise to support our Councillors in making sound decisions for the region.

## OUR REGION

The Bay of Plenty is on the east coast of the North Island of New Zealand. The region takes in the full sweep of the coastline from Lottin Point in the east, to Waihi Beach in the west, and includes 18 offshore islands extending out to the 12 nautical mile boundary. The area of the region is 21,837 square kilometres comprising 12,254 square kilometres of land and 9,583 square kilometres of coastal marine area.

Inland, the region extends generally to the ridges of the catchments which drain into the Bay of Plenty. The eight major rivers emptying into the Bay are the Wairoa, Kaituna, Tarawera, Rangitāiki, Whakatāne, Waioeka, Mōtū and the Raukōkore.

Prominent features of the region include islands such as Matakana, Mayor (Tūhua), Motiti and an active volcano, Whakaari/White Island, which is part of the extensive geothermal area of the Taupō Volcanic Zone. Other distinctive landmarks include Mauao (Mt Maunganui), Mt Tarawera and Mt Pūtauaki (Mt Edgumbe), the Tauranga and Ōhiwa Harbours and the lakes of the Rotorua district. There are also five other major estuaries – the Maketū, Little Waihi, Whakatāne, Waiōtahe and Waioeka/Otara estuaries.

## OUR PEOPLE

There were an estimated 305,700 people living in the Bay of Plenty as at 30 June 2018. The Bay of Plenty has a rich cultural dynamic with 28 percent of the population identifying as Māori and 9.5 percent as an ethnic group other than New Zealand European or Māori. Māori are key partners, stakeholders and members of our community; with 37 iwi, approximately 260 hapū and about 224 marae, building and maintaining relationships with these groups is an important part of the Council's role.

Our relationships with others are crucial to the success of our work. We have a strong regional leadership role. There are many cross-boundary issues facing our region, such as climate change and transport planning, where we aim to work collaboratively with our local partners, complementing the work they do at the local level and facilitating a single voice for the region. These partners and stakeholders are found across the region, and include local and Central Government, Māori, volunteer groups and the private sector.

## LOCAL GOVERNMENT

We carry out our work across the whole of the Bay of Plenty region. This covers seven territorial authority districts, as shown on page 9 and includes: Tauranga City Council, Western Bay of Plenty District Council, Whakatāne District Council, Ōpōtiki District Council, Kawerau District Council, Rotorua Lakes Council (part) and Taupō District Council (part). We work with these councils in many different ways and in a variety of areas. Our aim is to work in collaboration and partnership with them, to coordinate our regional plans and policies with those at the local level to ensure sensible decisions are made and joined-up thinking takes place. Initiatives such as SmartGrowth and Eastern Bay – Beyond Today show what can be achieved by working together at a local and regional level.

We are also part of the Local Government Leaders Climate Change Declaration, which commits us to working alongside Central Government and Bay of Plenty communities to understand the challenges of climate change and the best way to address them. By working together we are more likely to generate opportunities for engaging in community conversations, for adapting to climate change and reducing greenhouse gas emissions. Making consistent decisions on infrastructure and planning – for example by incorporating the implications of sea-level rise in design decisions – will ensure a more resilient Bay of Plenty.

## CENTRAL GOVERNMENT

We work proactively with Central Government and engage with the shaping of Central Government policy so that we can be responsive in reflecting and following their direction in the work that we do. Changes to policy, particularly increasing regulatory requirements, can significantly impact on our resourcing. Recent changes to the Resource Management Act 1991 (RMA) and upcoming changes to the National Policy Statement for Freshwater Management have and will affect our water policy and consenting functions. The implementation of recommendations from the recent ministerial review on New Zealand's emergency response framework will have some impact on how we carry out our civil defence and emergency management services. Treaty of Waitangi settlement legislation and co-governance arrangements add a further dynamic which enriches the complexity and impacts on our region along with Central Government policy on immigration and economic development.

## WORKING WITH MĀORI

Māori are key partners, stakeholders and members of our community. Within our region there are approximately 1,800 management structures covering more than 5,000 Māori land blocks. As of July 2019, there are 22 comprehensive Treaty settlements and 10 more in progress. Māori make a significant contribution to the region through their ownership of notable assets; contribution to economic development; participation in co-governance arrangements with councils; and their growing influence in the conservation, preservation and management of natural resources. Collaboration and involvement of Māori in our work over the next 10 years is important and we will be working hard to support Māori engagement with Council.

## WORKING WITH THE COMMUNITY

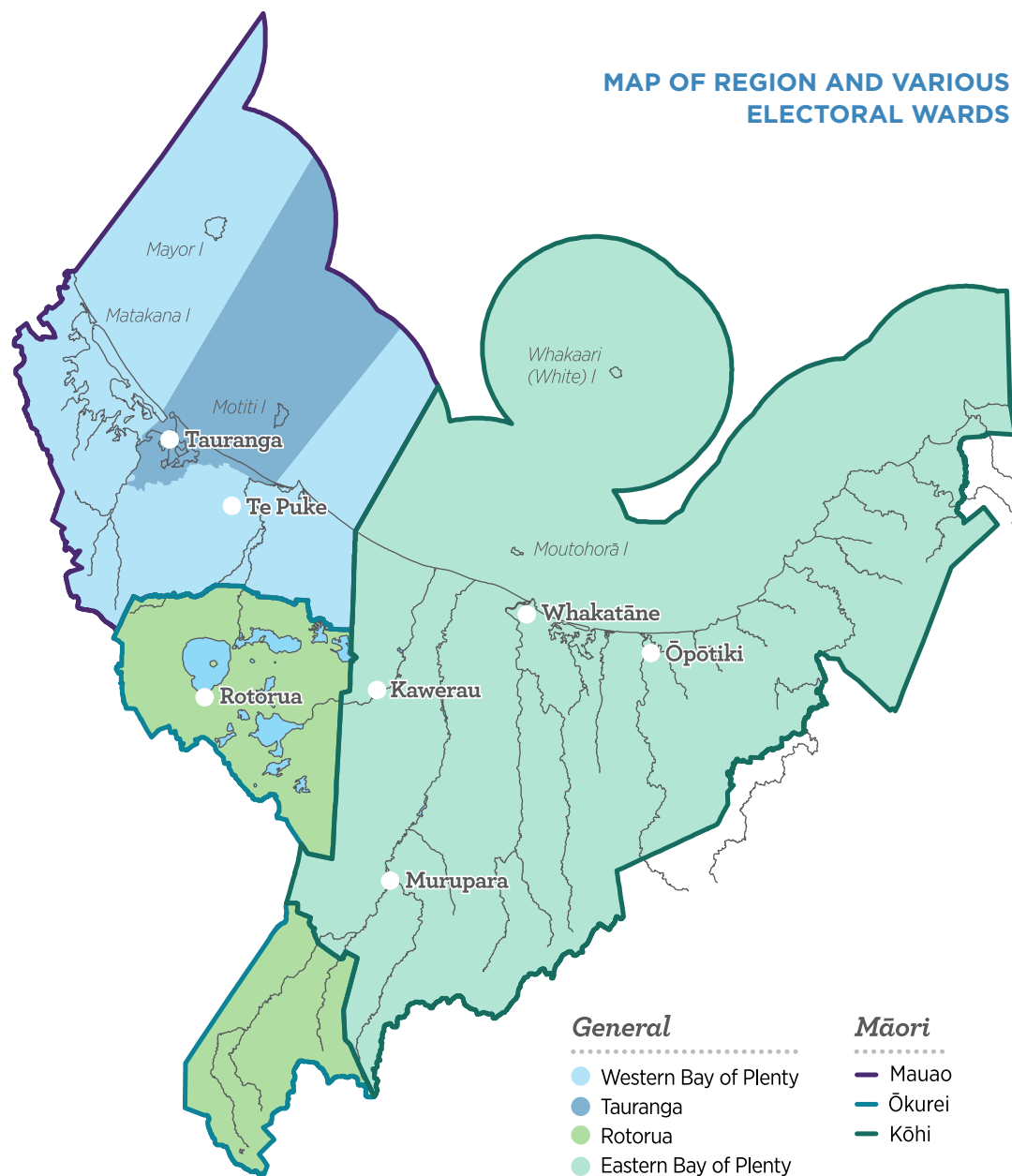
We work with a range of community groups, including with volunteers, to develop initiatives to improve the Bay of Plenty region – socially, culturally, economically and environmentally. We collaborate on projects, provide sponsorship or funding and share resources. We provide funding, technical advice and support to a number of Care Groups: these are organised community groups which work to protect and enhance a local area of environmental importance.

Their focus can be on coastal, estuary, stream, lake environments or pest control initiatives. We've also assisted Envirohub Bay of Plenty to establish a network of community environmental care groups around the region.

## WORKING WITH THE PRIVATE SECTOR

We also have strong partnerships with industry and business groups. We facilitate sustainable management of the environment through advice and support to the agriculture sector in managing their land and waterways. The extensive environmental monitoring data we collect are accessible to our communities to enable more informed decision-making across different business sectors. We provide funding through our Regional Infrastructure Fund for initiatives that support local businesses, such as the Scion Innovation Centre and the Marine Precinct at Sulphur Point. Through Bay of Connections we work closely with a range of sectors, developing a framework and strategies to generate and encourage additional sustainable employment and economic growth.

## MAP OF REGION AND VARIOUS ELECTORAL WARDS



# Our Strategic Framework

*Our vision of ‘Thriving Together – mō te taiao, mō ngā tāngata’ is about supporting our environment and our people to thrive.*

Our four community outcomes provide more detail on what this vision would look like for the Bay of Plenty and focus on: a *healthy environment, freshwater for life, safe and resilient communities* and a *vibrant region*.

This is all combined into our Strategic Framework, linking everything together. This Strategic Framework underpins the activities and services we’re responsible for across the region. For the full work programme for 2019/20, we encourage you to read this document in conjunction with our Long Term Plan 2018-2028 and Annual Plan 2019/20 which set out our work plan in more detail.

## FOUR WELL-BEINGS

In May 2019, the Local Government Act 2002 was amended to reintroduce four well-beings into the Act.

The well-beings are set out in the purpose of the act to promote the well-being of communities in the present and for the future. The four well-beings are: social, economic, environmental, and cultural.

Through the development of the Annual Plan 2019/20, Council considered the well-beings when reviewing its Strategic Framework and decided that it remains fit for purpose. The four well-beings will be a key consideration as Council looks to developing its next Annual Plan and the Long Term Plan 2021-2031.



# Thriving together – mō te taiao, mō ngā tāngata

## The way we work

We provide great customer service

We honour our obligations to Māori

We deliver value to our ratepayers and our customers

We continually seek opportunities to innovate and improve

We look to partnerships for best outcomes

We use robust information, science and technology

### Strategic challenges

Different priorities and issues across the region

The implications of changing climate

Limitations of our natural resources

Sustaining development across the region

An increasingly complex operating environment

Ensuring Māori participation in Council decision making

Balancing the expectations of both national and local partners

COMMUNITY OUTCOMES

### A healthy environment

We will maintain and enhance our air, land, freshwater, geothermal, coastal resources and biodiversity for all those who live, work and play within our region. We support others to do the same.

1. We develop and implement regional plans and policy to protect our natural environment.
2. We manage our natural resources effectively through regulation, education and action.
3. We work cohesively with volunteers and others, to sustainably manage and improve our natural resources.
4. Our environmental monitoring is transparently communicated to our communities.

OBJECTIVES

### Freshwater for life

Our water and land management practices maintain and improve the quality and quantity of the region's freshwater resources.

1. Good decision making is supported through improving knowledge of our water resources.
2. We listen to our communities and consider their values and priorities in our regional plans.
3. We collaborate with others to maintain and improve our water resource for future generations.
4. We deliver solutions to local problems to improve water quality and manage quantity.
5. We recognise and provide for Te Mana o Te Wai (intrinsic value of water).

### Safe and resilient communities

Our planning and infrastructure supports resilience to natural hazards so that our communities' safety is maintained and improved.

1. We provide systems and information to increase understanding of natural hazard risks and climate change impacts.
2. We support community safety through flood protection and navigation safety.
3. We work with our partners to develop plans and policies, and we lead and enable our communities to respond and recover from an emergency.
4. We work with communities and others to consider long term views of natural hazard risks through our regional plans and policies.

### A vibrant region

We work with our partners and communities to achieve integrated planning and good decision making. We support economic development, understanding the Bay of Plenty region and how we can best add value.

1. We lead regional transport strategy and system planning, working with others to deliver a safe and reliable public transport system.
2. We contribute to delivering integrated planning and growth management strategies especially for sustainable urban management.
3. We work with and connect the right people to create a prosperous region and economy.
4. We invest appropriately in infrastructure to support sustainable development.

### Our values

Trust

Integrity

Courage

Manaakitanga

Kotahitanga

Whanaungatanga

# Our Strategic Challenges

*Our strategic challenges are set out over the next few pages and describe the key things that we believe could impact on the work that we're doing.*

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While we've called them challenges, they are more than that – they also present us with opportunities that we can benefit from. They will inform what work we choose to do and how we do it, to get us to where we want to be – achieving our community outcomes.

So that we can be agile in responding to our strategic challenges and their impact on the work that we do, we need to get the right balance between looking after what we already have and providing infrastructure, services and functions for the future in a way that is sustainable and affordable. Our biggest challenge is managing the balance between keeping things affordable and giving our communities what they want and need.

## THE IMPLICATIONS OF A CHANGING CLIMATE

We know that climate change is happening. The challenge facing us is what we do about it: defining our role and identifying where we can have the most influence and impact. Action on climate change is needed both in terms of mitigation – reducing our contribution to climate change through carbon emissions reductions – and adaptation – responding to the changes we are already seeing.

Climate Change is one of the region's biggest, most strategic issues. The latest United Nations Intergovernmental Panel on Climate Change (IPCC) report, released in October 2018, emphasised the need for action, with drastic steps required in the next 12 years to limit the severe impacts expected due to climate change. Our issue, as a Regional Council, is what we do about it – defining our role and identifying where we can have the most influence and impact.

We currently engage in climate change adaptation or reducing greenhouse gas emissions across a range of activities. For many of these projects climate change is not the primary focus of the work; for example, the planting programmes already underway for the Pāpāmoa Hills and Onekawa Te Mawhai Regional Parks, which aim to enhance biodiversity and visitor experiences, also have benefits in terms of carbon storage. However, it is clear we need to do more and take deliberate actions to reduce emissions and adapt to the impacts of climate change. Therefore we have developed a Climate Change Action Plan that was adopted by Council in June 2019. In addition, through the Annual Plan 2019/20, we've budgeted an additional \$200,000 to support our work around responding to climate change. The use of this funding will be guided by what is set out in the Climate Change Action Plan.

## LIKELY CLIMATE CHANGE IMPACTS FOR THE BAY OF PLENTY

### Temperature



Up to **1.1°C increase by 2040s\***

**0.7°C to 3.1°C warmer by 2090s**, depending on the level of greenhouse gas concentration in the atmosphere



**More hot days above 25°C**

**Autumn and winter warm slightly more** than spring and summer



**Frosts rare by 2090s**

*\*an average for 2031–2050, compared to 1986–2005 average*

### Rainfall



**Rainfall will vary** locally within the region

Little change in mean annual rainfall, but **change in seasonal pattern**:

- Drier spring
- More variable rain in summer/autumn



**Ex-tropical cyclones** will likely be **stronger and bring heavy rainfall**

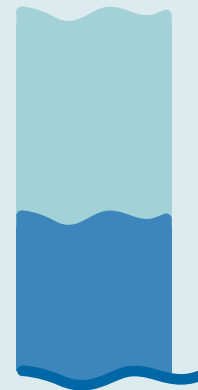


**Increased flooding risks**

### Planning for sea level rise



**Increased coastal erosion and flooding**



Up to **1.6m by 2130**

Up to **0.7m by 2070**

Bay of Plenty Moturiki  
1953 sea level datum

*Projection based on the 'potential' sea-level in the 2017 NIWA report "Tauranga Harbour extreme sea level analysis"*

## ENSURING MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

Our region has New Zealand's second largest Māori population and as more Treaty of Waitangi claims are settled in the region, iwi will have a clearer role in decision-making. At the national level, the Waitangi Tribunal will shortly be making significant recommendations to the Crown on the Freshwater and Geothermal claims, particularly those matters concerning Māori ownership of the freshwater resource. Under the Local Government Act 2002, we have an important role and obligation in building Māori capacity and capability in contributing to Council decision making processes. Central Government has also made sweeping changes to the Resource Management Act 1991 (RMA) that will further enhance Māori participation in our decision making processes.

## SUSTAINABLE DEVELOPMENT WITHIN OUR MEANS

This relates to two of our strategic challenges: *limitations of our natural resources* and *sustaining development* across the region. A healthy environment is key to what we do and we need to consider what the environment can handle. We want to breathe clean air, drink clean water and be able to swim at our beaches and in our rivers, but we also draw on our natural resources; our air, water, soil and wildlife, so that we can thrive.

For example, the Bay of Plenty has an abundance of water but, even now, in some places and at some times, we don't have enough water for everyone who wants to use it. Our water quality and availability is generally good but it's under increasing pressure and needs improvement in some locations. The future suggests more water is needed – our population is growing and water supports our region's economic development. Our key industries are land-based and depend on water to grow. It is everyone's role to care for the waterways that sustain us; support and leadership in this area is a key focus for us.

Finding the balance between a flourishing region and ensuring our environment stays healthy will be a major challenge for us over the next 10 years, as the community's needs and expectations shift and change.

## PRIORITIES, EXPECTATIONS AND BEING AGILE

This relates to the remaining three strategic challenges: *different priorities and issues across the region*, *balancing the expectations of both national and local partners* and *an increasingly complex operating environment*. The Bay of Plenty has three distinct sub-regions (east, west and Rotorua), each with a different mix of people and businesses. Growth continues to be different across the region, with some areas such as the western Bay (inclusive of Tauranga), growing much faster than others. Funding the requirements for strong urban growth and ensuring affordability for areas of low growth is an ongoing consideration. As the Regional Council, we also have seven district and city councils to work with, each with their own character and priorities. Some of these councils are close to their financial limits and would like help to fund some of their work. While we have helped in the past, our financial situation has changed and we need to ensure we are fair and equitable.

We work in an increasingly complex operating environment where we need to balance expectations at a local and national level. We have to respond to policies and direction that come from Central Government. For example, in the area of freshwater, Central Government has introduced changes to the National Policy Statement for Freshwater Management. In response, we have changed our approach at a local level, with the increased requirements pushing out the timeframe for our work in this area to 2030.



# Community Outcomes

## Ngā putanga a-hapori

*The strategic challenges discussed earlier inform what work we choose to do and how we do it, to get us to where we want to be – achieving our Community Outcomes.*

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The following pages set out our four Community Outcomes and some of the areas of work we are focusing on as we work to deliver the outcomes and work towards our council vision of 'Thriving Together – mō te taiao, mō ngā tāngata'.

These Community Outcomes form a key part of our Strategic Framework on page 10. For further information we encourage you to read our Long Term Plan 2018-2028 which is available on our website at: [www.boprc.govt.nz/longtermplan](http://www.boprc.govt.nz/longtermplan)



## A healthy environment He taiao ora

**A healthy environment is at the heart of what we do. We manage our natural resources sustainably so our communities can thrive.**

We want to continue to grow and develop as a region, support local business and ensure there are job opportunities for all our communities.

We need to make sure we are not putting more pressure on the environment than it can cope with. We also need to consider what climate change means for us and understand how we need to respond to the changes this will bring, such as different weather patterns and rising sea levels.

We work with the community to protect our water, soils and our wildlife. We manage, or get rid of, pest plants and animals. We set rules around what can and can't be done in our environment and ensure the rules are followed through our consents and monitoring processes.

### **SOME OF THE KEY PROJECTS AND ACTIVITIES WE ARE DELIVERING IN THIS AREA INCLUDE:**

- Finalising the Kopeopeo Canal Remediation Project
- Delivering the Regional Pest Management Plan to manage plant and animal pests, including working to prevent further catfish incursions and containing the spread of wallabies
- Delivery of our Air Quality Monitoring Programme, focusing on the Mount Maunganui industrial area and the Rotorua urban airshed
- Managing our Estuary Care Programme



# Freshwater for life

## He wai māori, he wai oranga

**Freshwater is vital for the health of people and communities, and that makes it important to us.**

We're responsible for two kinds of freshwater: groundwater and surface water. Surface water is all the water above ground – rivers, lakes and streams, drains, ponds, springs and wetlands, while groundwater comes from rainfall and rivers and accumulates in underground aquifers.

We invest millions of dollars each year to maintain and improve water quality and quantity in the Bay of Plenty and we work with the community to look after the rivers, estuaries and coastal environments.

We monitor water quality and quantity; ensuring people follow the rules set through the consents process.

Our work in this area is guided by national legislation, regulations and standards for water that prescribe public processes for setting requirements and rules. This area is becoming increasingly complex and we're working hard to translate the policy into action on the ground.

Put simply, we manage the freshwater that's in and on the ground so there's enough for people and wildlife to thrive now and in the future.

### **SOME OF THE KEY PROJECTS AND ACTIVITIES WE ARE DELIVERING IN THIS AREA INCLUDE:**

- Rotorua Te Arawa Lakes Programme Land Incentives Projects
- Freshwater Futures Programme
- Delivery of the Kaituna River Re-diversion and Te Awa o Ngātoroirangi / Maketū Estuary Enhancement project
- Further work to improve the Ōhiwa Harbour and its catchment environment
- The continued implementation of the National Policy Statement for Freshwater Management (NPSFM)
- Rolling out plan changes for region-wide water quantity (Plan Change 9) and on-site domestic wastewater systems (Plan Change 14)



## Safe and resilient communities

### Kia haumaru, kia pakari te hāpori

**Our region is subject to a number of natural hazard risks and events, including volcanic activity, earthquakes and extreme rainfall. These natural hazard events and risks can endanger our communities.**

We work to keep people safe by providing flood protection, such as stop banks and pump stations, and ensuring we are prepared for emergencies through our Civil Defence and Emergency Management services.

Raising awareness and preparing for issues such as climate change are also important aspects of building strong communities that can cope with change.

We are responsible for controlling the use of land to avoid or mitigate the effects of natural hazards, and we work with other local councils and Emergency Management Bay of Plenty, to identify natural hazards and reduce risk.

#### **SOME OF THE KEY PROJECTS AND ACTIVITIES WE ARE DELIVERING IN THIS AREA INCLUDE:**

- Implementing actions under our Climate Change Action Plan which was adopted in June 2019
- Civil Defence Emergency Management Services
- Rivers and Drainage Schemes including the continued delivery of the Flood Repair Project following the eastern Bay floods in April 2017
- Continuing the Rangitāiki Floodway Upgrade Project to protect Edgecumbe and the Rangitāiki Plains
- The provision of our 24/7 Navigation Safety and Maritime Oil Spill Response across the region
- The development of a Regional Safety and Rescue Fund to support charitable safety and rescue service providers



## A vibrant region

### Toitū te rohe

**People and the environment are at the heart of our region. We support the growth of jobs in the Bay of Plenty and development of new industries.**

We make significant contributions to the region's economic growth through environmental and infrastructure management.

Our contestable Regional Infrastructure Fund supports projects initiated by our partners including the Ōpōtiki Harbour Transformation Project, the Scion Innovation Centre – with a \$2.5 million contribution, and funding options for a Coastal Marine Research Centre alongside the University of Waikato and Tauranga City Council.

We facilitate Bay of Connections, the economic development framework for the wider Bay of Plenty. Its goal is to grow our investment and job opportunities in partnership with economic development agencies across the region. We also keep the community connected by contracting, funding and monitoring public passenger transport services across the region including the regional network of Bayhopper and Cityride buses, and concessionary fare schemes such as Total Mobility.

#### **SOME OF THE KEY PROJECTS AND ACTIVITIES WE ARE DELIVERING IN THIS AREA INCLUDE:**

- Passenger Transport (Tauranga) – the continued implementation of the Western Bay of Plenty Public Transport Blueprint to provide an improved bus service
- We will trial new bus services in 2020 to improve access to tertiary education across the Bay of Plenty and for people commuting to Tauranga and Rotorua.
- To help reduce congestion on our roads, we are funding a one-year trial in 2020 of fare-free bus travel for Tauranga school students.
- Regional Infrastructure Fund projects
- Buildings Upgrade Project which will see our offices in Rotorua moved to a new premises and the refurbishment of Regional House in Tauranga as well as our offices in Whakatāne
- The continued management and operation of our Regional Parks

# Further Information

*Much of the information provided in this document is a summary of information available in other public documents. Readers who want more information should refer to Council's website – [www.boprc.govt.nz](http://www.boprc.govt.nz) – or call 0800 884 880 for a copy of any Council published document.*

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The Local Government Act requires that the following information is provided for residents and ratepayers of the Bay of Plenty Regional Council:

- Summary balance sheet
- Funding impact statement
- Financial strategy limits on rates, borrowing and returns on investments
- The major projects for the next three years

The following published and audited documents are available:

- Annual Report 2016/17
- Annual Report 2017/18
- Long Term Plan 2018-2028
- Annual Plan 2019/20

This Report has a particular focus on financial information, as required by the Act. This includes how the Council is performing financially, including the current strength of its financial position. It also provides information on the major projects the Council expects to deliver over the next three years.

While this Report has not been the subject of a review by Council's external auditors the majority of the source information has been externally audited.



# Financial Statements

*The following pages set out a summary of Council's balance sheet, funding impact statements and financial strategy limits on rates, borrowing and return on investment.*

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## HOW TO READ AND INTERPRET THE INFORMATION IN THIS REPORT

Financial information is provided from a variety of sources and is either historical - when it relates to previous financial years, or forecast - when it relates to the current or future financial years. Budgeted information for 2019/20 has been provided to aid comparison.

The financial statements set out information for financial periods, in seven columns:

- The first two are for 2016/17 and 2017/18 and come from the most recent audited financial statements.
- The third column is the forecasted end of year figures for 2018/19.
- The column headed "Annual Plan 2019/20" provides the budget figures for this current financial year.
- The final three columns provide information relating to 2020/21, 2021/22, and 2022/23 extracted from the adopted 2018-2028 Long Term Plan.

Financial information is provided in a summary format showing figures rounded to thousands of dollars. The columns are headed "\$000" which means that a number expressed as "425" is actually \$425,000. The figures are exclusive of goods and services tax'.

## EXPLANATION FOR NOTABLE DIFFERENCES BETWEEN YEARS

### Balance sheet

The summary figures from the Balance Sheet provide actual and forecast levels of all assets and liabilities of the Council as at the end of the financial year.

Through the Long Term Plan 2018-2028, Council approved the use of borrowings to fund assets to spread the cost out over time so that future generations will pay for the benefit they will receive, as well as freeing up money to be invested for future benefits.

### Funding impact statement

The summary of the Funding Impact Statement shows how the Council funds its activities, where the funding comes from, including income from rates, and how the funds are applied.

Through the Long Term Plan 2018-2028, Council approved the use of borrowings to fund council's capital programme, resulting in increased debt.

## STATEMENT OF FINANCIAL POSITION

	Annual Report		Estimated Annual Report	Election Year Annual Plan	Long Term Plan 2018-2028		
	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	37,962	74,538	136,903	33,607	18,492	17,879	18,942
Other financial assets - current	100,390	38,309	78,069	67,400	24,798	30,735	44,992
Trade and other receivables	13,950	12,577	18,559	13,110	15,156	15,490	15,846
Inventories	204	227	235	237	217	221	226
<b>Total current assets</b>	<b>152,506</b>	<b>125,651</b>	<b>233,766</b>	<b>114,354</b>	<b>58,663</b>	<b>64,325</b>	<b>80,006</b>
<b>NON-CURRENT ASSETS</b>							
Trade and other receivables - long term	2,100	2,146	1,820	2,189	2,137	2,137	2,137
Property, plant and equipment	289,948	341,602	391,995	455,254	459,328	469,474	482,060
Intangible assets	5,298	5,716	6,881	6,938	7,273	6,828	6,003
Investment in CCO's and other similar entities	1,877	1,877	1,877	1,877	1,877	1,877	1,877
Investment in other entities	29,269	15,483	67	125,067	124,269	124,269	124,269
Derivative financial instruments	171	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>328,663</b>	<b>366,824</b>	<b>402,640</b>	<b>591,325</b>	<b>594,885</b>	<b>604,586</b>	<b>616,347</b>
<b>Total assets</b>	<b>481,169</b>	<b>492,475</b>	<b>636,406</b>	<b>705,679</b>	<b>653,548</b>	<b>668,911</b>	<b>696,353</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	11,658	20,585	17,932	21,458	12,644	12,922	13,219
Employee benefit liabilities	4,432	4,990	4,913	5,202	4,806	4,912	5,025
Borrowings	-	-	90,490	100,000	-	-	-
<b>Total current liabilities</b>	<b>16,090</b>	<b>25,575</b>	<b>113,335</b>	<b>126,660</b>	<b>17,450</b>	<b>17,834</b>	<b>18,244</b>
<b>NON-CURRENT LIABILITIES</b>							
Employee benefit liabilities	1,017	1,119	1,111	1,165	1,103	1,127	1,153
Borrowings	-	-	49,818	89,520	165,220	173,524	183,428
Put option	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Derivative financial instruments	-	73	73	-	-	-	-
<b>Total non-current liabilities</b>	<b>16,017</b>	<b>16,192</b>	<b>66,002</b>	<b>105,685</b>	<b>181,322</b>	<b>189,651</b>	<b>199,581</b>
<b>Total liabilities</b>	<b>32,107</b>	<b>41,767</b>	<b>179,337</b>	<b>232,345</b>	<b>198,773</b>	<b>207,485</b>	<b>217,826</b>
<b>Total net assets</b>	<b>449,062</b>	<b>450,708</b>	<b>457,069</b>	<b>473,334</b>	<b>454,775</b>	<b>461,426</b>	<b>478,527</b>
<b>EQUITY</b>							
Retained earnings	173,854	204,279	210,191	197,879	189,559	182,146	174,508
Reserves	275,208	246,429	246,878	275,455	265,216	279,280	304,019
<b>Total equity</b>	<b>449,062</b>	<b>450,708</b>	<b>457,069</b>	<b>473,334</b>	<b>454,775</b>	<b>461,426</b>	<b>478,527</b>

## FUNDING IMPACT STATEMENT

	Annual Report		Estimated Annual Report	Election Year Annual Plan	Long Term Plan 2018-2028		
	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000
<b>SOURCES OF OPERATING FUNDING</b>							
General rates, uniform annual general charges, rates penalties	21,254	23,494	25,912	27,544	28,934	30,683	32,536
Targeted rates	15,765	15,926	25,010	29,369	29,202	30,865	31,832
Subsidies and grants for operating purposes	11,336	13,030	13,239	18,317	17,607	19,641	13,312
Fees and charges	8,902	9,710	11,352	11,566	12,352	12,707	13,201
Interest and dividends from investments	28,996	32,316	38,662	38,728	40,226	41,913	43,930
Local authorities fuel tax, fines, infringement fees and other receipts	3,648	6,580	5,076	2,152	2,140	2,171	2,204
<b>Total operating funding</b>	<b>89,901</b>	<b>101,056</b>	<b>119,251</b>	<b>127,676</b>	<b>130,461</b>	<b>137,980</b>	<b>137,015</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	95,024	111,392	114,094	123,267	121,345	125,186	113,467
Finance costs	-	1,691	2,571	2,493	6,372	7,545	8,309
Other operating funding applications	228	191	91	153	175	56	57
<b>Total applications of operating funding</b>	<b>95,252</b>	<b>113,274</b>	<b>116,756</b>	<b>125,913</b>	<b>127,892</b>	<b>132,788</b>	<b>121,833</b>
<b>Surplus (deficit) of operating funding</b>	<b>(5,351)</b>	<b>(12,219)</b>	<b>2,495</b>	<b>1,763</b>	<b>2,569</b>	<b>5,192</b>	<b>15,182</b>
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure	1,451	648	8,492	4,715	1,400	-	-
Development and financial contributions	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	52,209	50,332	23,608	8,304	9,904
Gross proceeds from sale of assets	32	158	1,181	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	114	4,307	5,701	-	-
<b>Total sources of capital funding</b>	<b>1,483</b>	<b>806</b>	<b>61,996</b>	<b>59,354</b>	<b>30,709</b>	<b>8,304</b>	<b>9,904</b>

## FUNDING IMPACT STATEMENT *continued*

	Annual Report		Estimated Annual Report	Election Year Annual Plan	Long Term Plan 2018-2028		
	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
Capital expenditure							
- to meet additional demand	-	-	-	-	-	-	-
- to improve levels of service	12,791	24,607	37,953	40,111	15,638	4,570	4,427
- to replace existing assets	3,894	11,829	18,766	19,244	15,071	3,734	5,478
Increase (decrease) in reserves	(19,584)	(47,854)	7,212	1,219	1,613	4,036	14,026
Increase (decrease) of investments	(969)	5	560	543	956	1,156	1,156
<b>Total applications of capital funding</b>	<b>(3,868)</b>	<b>(11,413)</b>	<b>64,491</b>	<b>61,117</b>	<b>33,279</b>	<b>13,497</b>	<b>25,087</b>
<b>Surplus (deficit) of capital funding</b>	<b>5,351</b>	<b>12,219</b>	<b>(2,495)</b>	<b>(1,763)</b>	<b>(2,569)</b>	<b>(5,192)</b>	<b>(15,182)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Note: This financial statement excludes:</i>							
Depreciation and amortisation	9,453	6,214	6,698	8,138	8,799	9,038	9,303
Loss on sale of property, plant and equipment	372	294	754	-	-	-	-
Investment amortisation	(386)	(154)	112	-	-	-	-
Fair value of cashflow hedges	-	-	-	-	-	-	-
Gain on sale of property, plant and equipment	(15)	(206)	(354)	-	-	-	-
Fair value of receivables	(171)	-	-	-	-	-	-

## RATES INFORMATION

	Annual Report 2016/17		Annual Report 2017/18		Estimated Annual Report 2018/19	
	Planned \$000	Actual \$000	Planned \$000	Actual \$000	Planned \$000	Estimated Actual \$000
General Rates	20,467	21,488	22,950	23,755	25,728	25,936
Targeted rates	15,866	16,011	16,034	16,152	24,780	25,046
less: remissions	-	(480)	-	(487)	-	(61)
<b>Total Rates</b>	<b>36,333</b>	<b>37,019</b>	<b>38,984</b>	<b>39,420</b>	<b>50,508</b>	<b>50,921</b>
Rates increase %						
General rates	8.6%	2.7%	9.4%	11.3%	9.1%	9.2%
Targeted rates	(1.9%)	(0.7%)	(1.7%)	(1.3%)	51.6%	55.1%

The major drivers for rates increases over the past few years are major projects and delivery on our community outcomes.

The major reasons for increases to targeted rates in 2018/19 is as a result of changes that were consulted on through the Long Term Plan 2018/2028. This included changing how Passenger Transport (bus services) are funded across the region with rates for services in Tauranga, Western Bay of Plenty, Rotorua and Whakatāne now being 100% targeted rated, and increases in targeted rates relating to maintaining and rebuilding our Flood Protection assets as a result of flood events in 2017 and 2018. A new targeted rate was also introduced in 2018/19 to fund Civil Defence Emergency Management (CDEM) services, this includes collecting rates that were previously collected by other Councils within the region.

## BORROWING RATIOS

	Policy Limits 2016/17 and 2017/18	Annual Report		Policy Limits 2018/19	Estimated Annual Report 2018/19
		2016/17	2017/18		
Net interest expense as a percentage of total revenue	<20%	(11%)	(8.4%)	<20%	(3.80%)
Net external debt as a percentage of total revenue	<175%	(154%)	(88.9%)	<250%	(30.20%)
Net interest as a percentage of annual rates income	<25%	(26%)	(23.48%)	<30%	(9.60%)
Available Financial Accommodation as a percentage of external debt (liquidity)	>110%	656.62%	415.48%	>110%	221.70%

## RETURN ON INVESTMENTS

	Annual Report 2016/17		Annual Report 2017/18		Estimated Annual Report 2018/19	
	Planned \$000	Actual \$000	Planned \$000	Actual \$000	Planned \$000	Estimated Actual \$000
Interest	8,935	8,091	7,086	6,744	6,725	7,462





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