

Annual Report Summary

Te Mahere ā-Tau whakarāpopoto

2018/19

For the financial year 1 July 2018 to 30 June 2019



Your representatives

Ngā reo kōrero



From left: Jane Nees, Norm Bruning, Stuart Crosby, David Love, John Cronin, Paula Thompson, Andrew von Dadelszen, Kevin Winters, Lyaal Thurston, Doug Leeder, Bill Clark, Matemoana McDonald, Tipene Perenara Marr and Arapeta Tahana.

Ranginui e tū nei

Papatūānuku e takoto nei

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 tangata*

Tihei Mauriora!

Ko toi moana he rohe ahūwhenua ki te manaaki i te taiao me ana hapori.

Kua tuku te wero e te hapori. Kua hikina e te kaunihera te mānuka. Anei rā ngā hua o te pāhekoheko o te tau kua pahure nei.

Āritarita ana te kaunihera ki te eke whakamua i raro i te maru o te pāhekoheko. Kia kotahi te hoe he waka eke noa!

E hoa ma, ina te ora o te tangata!

Ranginui stands above

Papatūānuku stands below

Stretching from Waihi Beach to East Cape

From Maketū to just inland of Taupō

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

*Let the land remain, let the oceans and lakes
remain, let the environment remain and let
people remain*

Tis the breath of life!

Our region has always worked hard to protect the environment and its communities.

The challenge to protect our environment has been set by you, our community. Your council has picked up that challenge and now presents the fruits of our partnership over the past year.

Your council is eager to move ahead under the spirit of partnership. Paddling in unison we are a canoe which we are all in together with no exception.

My friends, this is the essence of life!

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

OBJECTIVES

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.

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

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Message from the Chair and Chief Executive

We are pleased to present our Annual Report Summary for 2018/19. This report presents a summary of our financial and target related performances that we had set for our service delivery in 2018/19.

We continued to make progress across all of our areas of work and major projects to improve the wellbeing of our communities and deliver on our Community Outcomes during the year.

We had some huge challenges in 2018/19. This included the work we continued to carry out repairing flood defence assets which had been damaged during the extreme weather events in April 2017. Of significant note was the new section of the College Road stopbank in Edgecumbe and the completion of approximately 130 repair sites during the 2018/19 financial year (249 out of 520 sites have now been repaired since the start of the project). We also carried out repair works after Ngongotahā Stream overflowed its banks in April 2018.

In December 2018, the public transport system in Tauranga underwent significant change with the implementation of the Western Bay of Plenty Public Transport Blueprint. That change also resulted in a change in bus contractor. Following implementation of the Blueprint, significant challenges were initially experienced with the delivery of the new public transport network. We worked closely with the new contractor (NZ Bus) to address many of the issues as quickly as possible,

with the performance of the bus network in the western bay improving over the last quarter of 2018/19.

As predicted, our operating environment has continued to change throughout the year and this has influenced our work programmes. It also led us to consult on our Annual Plan 2019/20, with staff and Councillors speaking with more than 600 members of the community about four key consultation questions – focused around public transport, climate change and how we should look to fund organisations that provide safety and rescue services in the future.

In June 2019, we declared a Climate Emergency and adopted our Climate Change Action Plan. Through this we are highlighting our commitment to work with the community on our transition to a low carbon future and our adaption to our changed climate.

Maori continued to make a significant contribution to the region over the past year. We continued to support the capacity of Māori to participate in council decision making processes including through supporting our Māori constituent Councillors and their contributions to Council and by hosting four Resource Management Plan training sessions for tangata whenua. A number of He Korowai Mātauranga information sessions were held across Council offices to help build knowledge and understanding amongst staff of Te Ao Māori.

Through our Long Term Plan 2018-2028, we set ourselves some substantial goals for this past financial year, and considering the challenging environment we operate in, we are pleased to report considerable progress. This included introducing a number of new performance measures, often with very challenging targets. Our performance was monitored and reported through 32 performance measures during the year and we achieved 25 (78%) of our targets for and came close to achieving several others.

Revenue during the year was \$144.6 million compared to budget of \$131.2 million. During the year, the Council's Put Option liability from the \$200 million Perpetual Preference Share (PPS) issue was reduced from \$15 million to \$3.4 million, resulting in an \$11.6 million non-cash gain not budgeted for.

We delivered our work programme through operating expenditure of \$126.3 million compared to a budget of \$133.0 million. We also delivered a significant increase in our capital works programme with capital expenditure of \$56.6 million, compared to \$36.5 million in 2017/18. The majority of the 2018/19 capital works were funded through borrowings.

We focused on being more efficient and ensuring we deliver value for money to our community. To help keep our costs low, we set ourselves a target to achieve efficiency savings during the year and achieved a savings of \$1.2 million through reviewing the way we work. We also undertook a fit for purpose review to make sure we are focused on delivering our services in an efficient and effective manner.

As we look ahead to 2019/20, we are aware that some changes in direction have been signalled from central government, and this will impact the work we do going forward, particularly for our policy and planning work. As we move into the new financial year, we are excited to build upon the progress we made in 2018/19, and the opportunity to deliver on the work set out in our Annual Plan 2019/20.



Doug Leeder
Chairman



Fiona McTavish
Chief Executive



What happened in your area in 2018/19

Nga nekehanga i nga tau 2018/19

REGION WIDE

- We declared a Climate Change Emergency and adopted our Climate Change Action Plan
- We adopted our Proposed Regional Coastal Environment Plan and progressed a number of plan changes
- We continued work to implement the National Policy Statement for Freshwater Management
- We developed and approved the new Bay of Plenty Civil Defence Emergency Management (CDEM) Group Partnership Agreement
- Responded to environmental complaints and incidents, and carried out enforcement action where appropriate
- Provided resource consent application processing services to meet growing demand
- Provided a 24/7 navigation safety and maritime oil spill response across the region

WESTERN BAY / TAURANGA

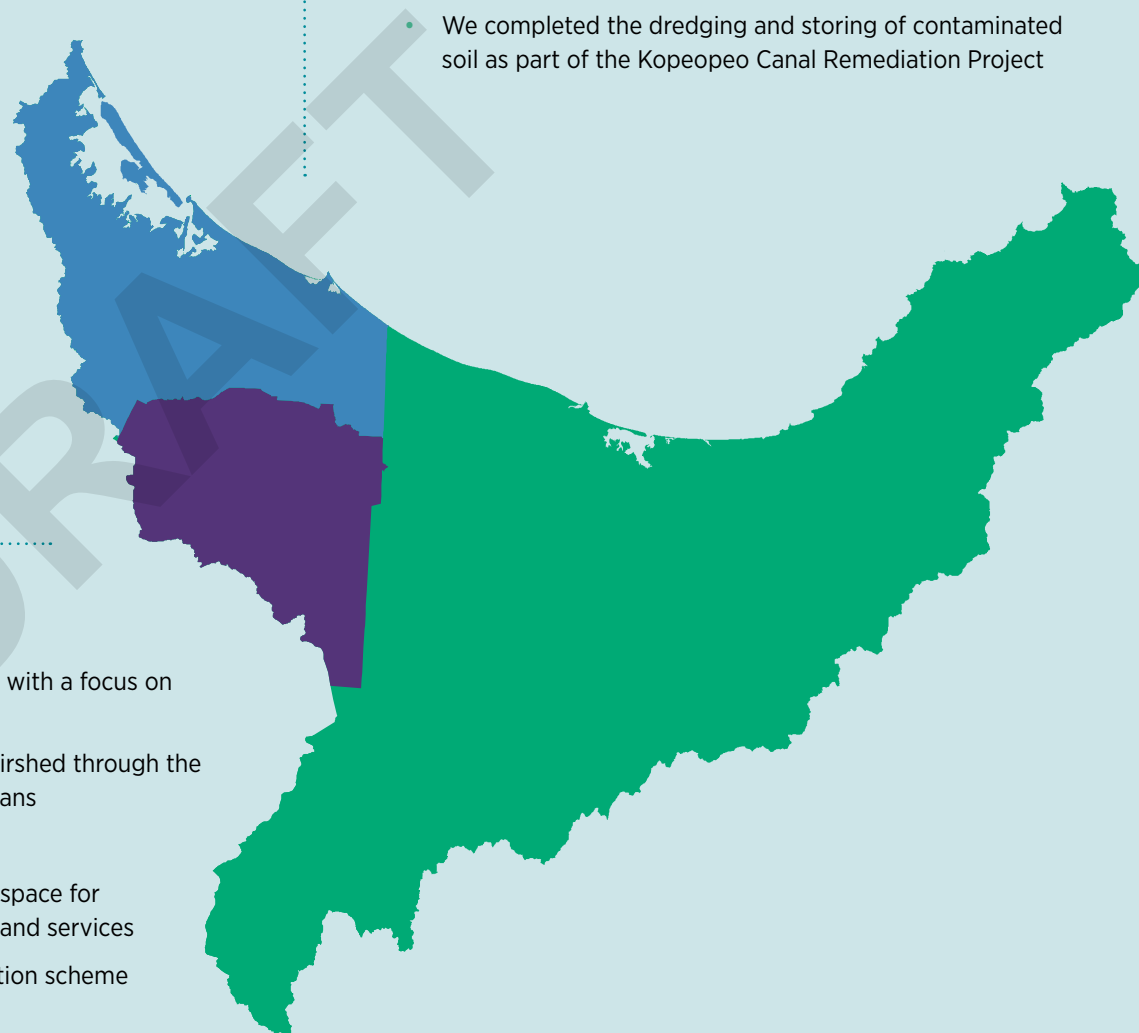
- We continued the Kaituna River re-diversion and Maketū Estuary Enhancement Project which is tracking ahead of schedule
- We established and implemented new air quality monitoring programme in the Mount Maunganui Industrial area
- The new University of Waikato Tauranga Tertiary Campus opened for the 2019 academic year and was jointly funded by Regional Council with other partners
- We implemented the Western Bay of Plenty Public Transport Blueprint and finalised a change in bus contractor
- We started a one year trial of fare-free bus services for school students in Welcome Bay
- The proposed Future Development Strategy (FDS) for the western Bay sub-region was released by SmartGrowth in October
- We continued to coordinate and administer the Tauranga Moana Programme to help maintain and improve the health of the harbour and its catchment

WHAKATĀNE / ŌPŌTIKI / EASTERN BAY

- We continued the Flood Repair Project with approximately 130 repair sites completed through the year bringing the total to 249 of the 520 sites repaired
- We continued the Rangitāiki Floodway Upgrade Project and Kaituna Scheme Repairs
- We completed the dredging and storing of contaminated soil as part of the Kopeopeo Canal Remediation Project

ROTORUA

- We continued to deliver the Rotorua Te Arawa Lakes programme with a focus on managing long term water quality via nutrient reduction targets
- Continued work to improve the air quality in the Rotorua urban airshed through the Rotorua Air Quality programme, including providing Hot Swap loans
- Carried out repair works to the Ngongotahā Stream
- Construction commenced on the Scion Innovation Hub, a shared space for growing businesses targeting forest and wood-derived products and services
- We continued progress on the Rotoiti/Rotomā sewerage reticulation scheme



Service Delivery Performance

Ngā whakatutukitanga-a-ratonga

Our work is carried out across 33 activities which are sorted into nine groups of activities. These nine groups deliver the services and infrastructure, and perform the functions that enable us to deliver on the Community Outcomes outlined in our Strategic Framework. Our performance measures and targets are set in our Long Term Plan 2018-2028.

Each of the nine Group of Activities state the levels of service that will be delivered by that Group, and have performance measures and targets that indicate how well we are delivering our services to the community.

In our Long Term Plan 2018-2028 we introduced a number of new performance measures, often with very challenging targets. This is our first Annual Report to report on those measures and we have achieved most (78%) of our targets and come close with several others. We have seen significant improvement in some of our levels of service, including resource consent processing times and governance targets. We have increased the satisfaction with our resource consent process, however were not able to meet the target, which was set higher in 2018/19 than in previous years.

Of the 32 measures that we used to track our performance in 2018/19, the summary graph shows that:

- We achieved the targets for 25 measures (78%)
- We have not achieved the targets for seven measures (22%)

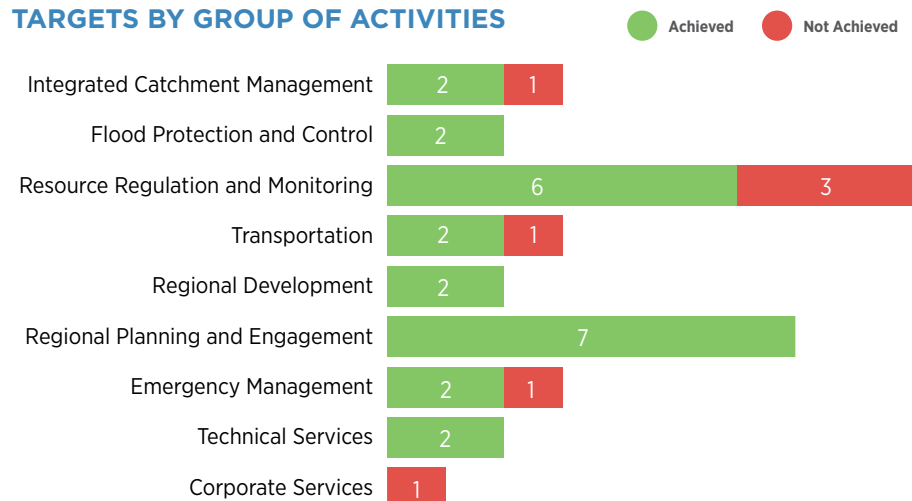
Detail on each of the 32 measures, targets and previous results can be found under the Group of Activity section of this report. This includes commentary where a target was not achieved.

We will focus on achieving the targets and delivering on our Community Outcomes during 2019/20.

Note: two measures included in the LTP are not due to be reported on in 2018/19, as such these are not included in the above information. These are:

- Percentage of Tauranga and Rotorua bus users whose overall satisfaction with the bus service is rated as satisfactory or higher (triennial survey) – next due to be reported in 2020/21.
- Percentage of industry stakeholders who are satisfied with Bay of Connections (biennial survey) – next due to be reported in 2019/20.

TARGETS BY GROUP OF ACTIVITIES



Financial Performance

Ngā whakatutukitanga ahumoni

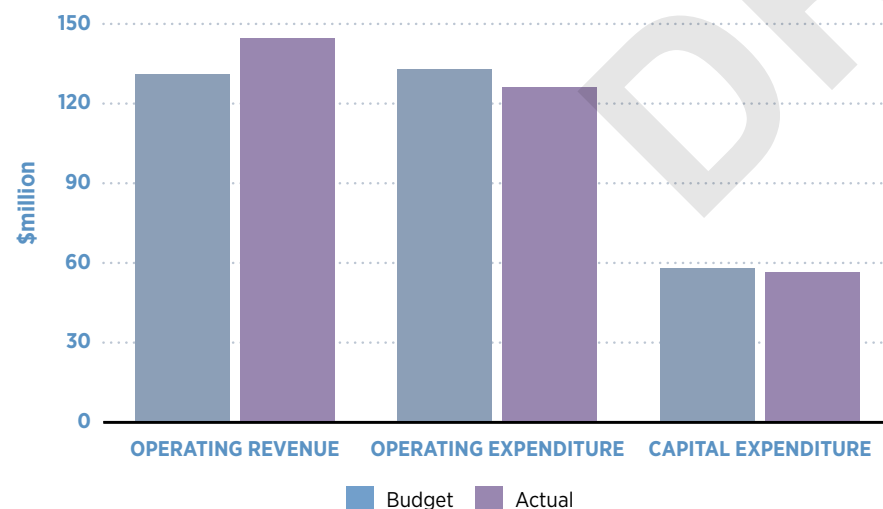
OVERALL GROUP PERFORMANCE

Our focus for 2018/19 has been on delivering what we said we would do in the first year of our Long Term Plan 2018-2028. Council recorded an operating surplus of \$18.4 million, compared to budgeted deficit of \$1.8 million. We delivered our work programme through operating expenditure of \$126.3 million compared to a budget of \$133.0 million. We also delivered a significant increase in our capital works programme with capital expenditure of \$56.6 million, compared to \$36.5 million in 2017/18 and a budget of \$57.9 million. The majority of the 2018/19 capital works were funded through borrowings.

Revenue during the year was \$144.6 million compared to budget of \$131.2 million. During the year, the Council's Put Option liability from the \$200 million Perpetual Preference Share (PPS) issue was reduced from \$15 million to \$3.4 million, resulting in an \$11.6 million non-cash gain not budgeted for.

Our consolidated group results include the operating revenue and expenses for Council and Quayside Holdings Limited (QHL), our 100 percent Council-owned subsidiary, which holds a 54.14 percent share in the Port of Tauranga Limited. The group recorded an operating surplus of \$90.9 million after income tax. Total operating revenue increased by \$59.0 million from \$395.2 million to \$454.2 million. This is mainly due to an increase in Port services income. Total operating expenditure (excluding tax) increased by \$32.5 million mainly due to an increase in trading expenses (Council and Port) and other losses (QHL).

REVENUE, OPERATING AND CAPITAL EXPENDITURE



FINANCIAL STRATEGY

Our financial strategy, detailed in our Long Term Plan 2018-28, informs our decisions about how to manage our finances in a sustainable way. For us this means a balance between providing the community with what they want and need, and keeping our core services and functions affordable.

Four key aspects of our strategy relate to:

- Fees and charges and targeted rates
- Use of dividends
- Funding infrastructure projects
- Effective balance sheet

FEES AND CHARGES AND TARGETED RATES

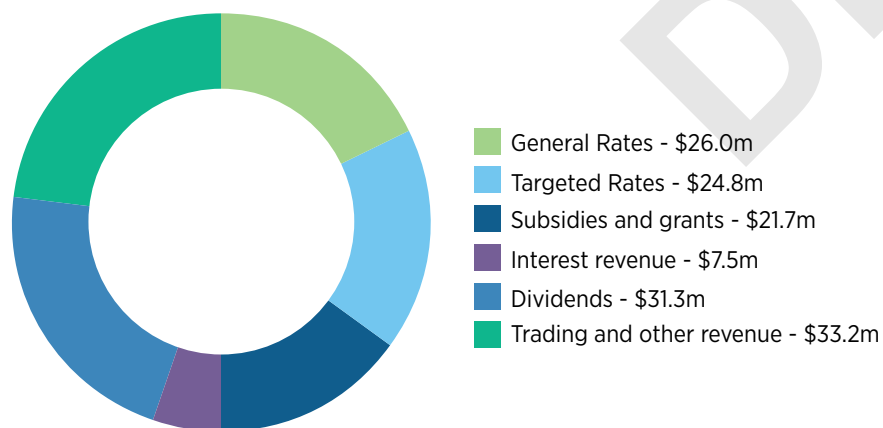
Strategy: Stronger focus on the money we collect from fees and charges and from targeted rates.

What we achieved: Council received \$24.8 million from targeted rates, as budgeted, compared to 2017/18 of \$16.2 million. A new targeted rate, providing revenue of \$2.3 million was introduced for Emergency Management, alongside new and increased targeted rates for Passenger Transport which provided revenue of \$8.4 million. These rates are targeted to promote greater transparency and accountability.

Our Long Term Plan 2018-28 included a general rates rise of 9.1% (an average of \$26.0 per household) in 2018/19. General rates received during the year was \$26.0 million, which was in line with the budget of \$25.7 million.

Council received revenue of \$11.4 million from fees and charges, \$0.73 million more than budgeted. This included new fees and charges for Data Services, which is also a change from general funding.

WHERE OUR REVENUE COMES FROM



USE OF DIVIDENDS

Strategy: Use the dividend received from Quayside Holdings Limited (QHL) to fund our work across the region and reduce rates.

What we achieved: Council received dividend revenue from QHL of \$31.2 million, compared to \$25.6 million the previous year. This equates to 22 percent of our total operating revenue for 2018/19. Without a dividend of this significance Council would either need to reduce our work across the region or impose significantly higher rates increases.

FUNDING INFRASTRUCTURE PROJECTS

Strategy: Contribute some funding for infrastructure projects outside our organisation.

What we achieved: Council planned to have an unbalanced budget for 2018/19 of \$14.3 million, however the council achieved a surplus of \$18.4 million. During the year Council contributed to third party infrastructure projects through the use of the Regional Infrastructure Fund. A total of \$12.0 million was spent from the fund for Regional Development projects and the Te Arawa Lakes Programme. The deficit was lower than anticipated due to \$6.4 million less spending by the Integrated Catchments Group of Activity.

Council used \$45 million from the Regional Fund reserve to establish a new investment reserve, the Toi Moana Fund, to optimise returns to Council over the long term. Quayside Holdings Limited will manage the Toi Moana Fund on behalf of Council from 1 July 2019.

EFFECTIVE BALANCE SHEET

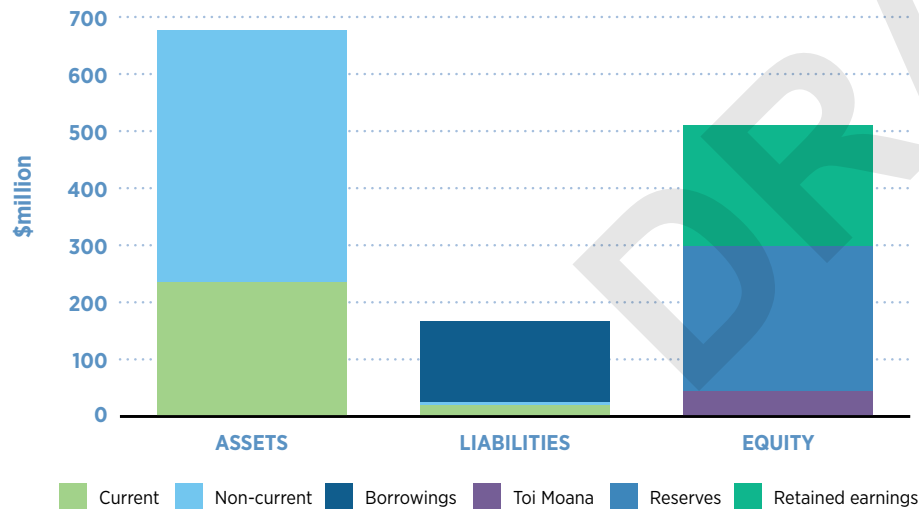
Strategy: Using borrowing to pay for assets to allow us to spread the cost out over time, so that future generations will pay for the benefit they will receive, as well as freeing up money to be invested for future benefits.

What we achieved: Council has maintained a strong balance sheet, holding \$45 million in the Toi Moana Fund as budgeted, and \$253.9 million in other reserves compared to \$242 million budgeted. Our non-current assets significantly contribute to our balance sheet with \$424.9 million of property, plant and equipment, and \$9.0 million of financial assets.

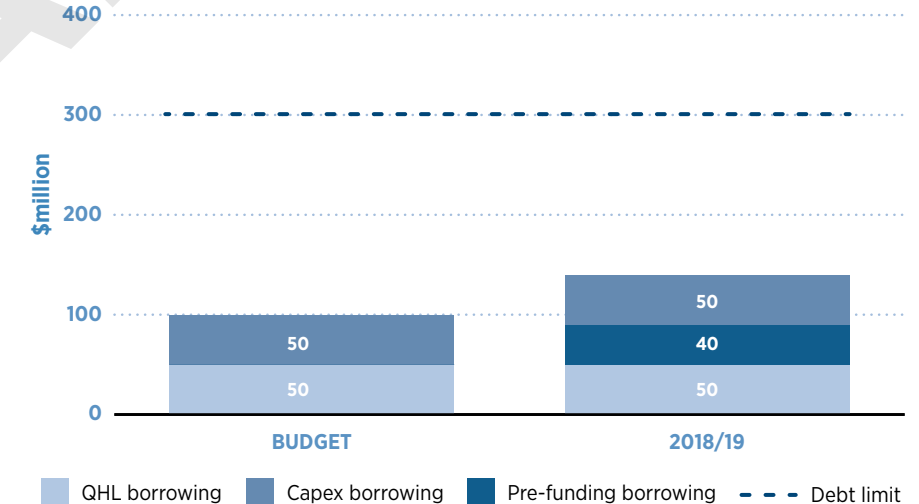
As planned, Council has increased borrowings, with a total of \$140.5 million borrowed from the LGFA. Of these funds \$90.5 million was for capital expenditure, these borrowings were re-invested to align with future cash flows, and \$50 million was on lent to Quayside Holdings Limited (QHL). Council has worked with QHL to achieve the best funding outcomes and available returns.

Council's net debt to revenue ratio as at year end was -44 percent, this is within our debt to revenue ratio limit of 250 percent.

BALANCE SHEET



BORROWING AND DEBT LIMIT



The borrowing has helped fund several major ongoing projects including flood protection and control activities of \$21.8 million, Kaituna River re-diversion of \$12.5 million, and building projects of \$15.4 million.



Highlights of our work

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

This year saw the introduction of our new Long Term Plan 2018-2028. The plan introduced a new strategic framework (set out on page 4) which focuses our work towards achieving our vision. At the centre of our strategic framework are our four community outcomes: a healthy environment; freshwater for life; safe and resilient communities; and a vibrant region. Each includes a set of objectives to drive the delivery of our community outcomes.

Our focus for 2018/19 was on delivering what we said we would do in the first year of our Long Term Plan and some of our achievements, challenges and key projects are outlined on the following pages. These are grouped by the Community Outcome that the work contributes to most strongly.

A healthy environment

He taiao ora

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.

Objectives

- 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.

A healthy environment is at the heart of what we do. We sustainably manage our natural resources 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 of 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 and 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.

PLANNING TO SUPPORT A HEALTHY ENVIRONMENT

We develop strategies, policies and plans to help us manage the natural and physical resources in the region.

During the year, we continued to progress a number of plan changes which help progress us forwards to achieving a healthy environment for the community.

Our Proposed Regional Coastal Environment Plan was adopted and was referred to the Minister of Conservation for approval. This Plan sets out how we intend to achieve sustainable management of our coastal environment. The Plan, once approved by the Minister of Conservation, will replace our Operative Regional Coastal Environment Plan.

We continued to progress planning work relating to Air Quality (Plan Change 13). The Plan Change was notified in February 2018, and 80 submissions and 30 further submissions were received. In October 2018, hearings were held, and decisions on the submission were released in March 2019. Ten appeals were lodged with the Environment Court against Council's decisions, and staff are continuing to progress these.

We began work on a plan change to our Operative Rotorua Geothermal Regional Plan, with a series of hui, iwi engagement, and the establishment of an Ahi Kaa Working Group. We also sought feedback from the public on On-site Effluent Treatment (Draft Plan Change 14).

KOPEOPEO CANAL REMEDIATION PROJECT

The Kopeopeo Canal Remediation Project is working to safely remove, store and bio remediate elevated levels of dioxin-contaminated sediment from 5.1 kilometres of the Kopeopeo Canal at its eastern extremity.

The canal was contaminated between the 1950s and late 1980s by discharges from a former sawmill, which treated timber using Pentachlorophenol (PCP). While unknown at the time, PCP imported into New Zealand for use in the timber processing industry also included a percentage of impurities that contained dioxins.

Strong progress through 2018/19 has meant that dredging and storing of the contaminated soil, which began in January 2018, was able to be completed in June 2019 and final works to complete the project are expected to be completed by the end of 2019.

The planning phase of this project began in 2011 when resource consent applications and funding applications to the Ministry for the Environment (MfE) commenced. The project has been jointly funded by Regional Council and MfE. The total costs of the project are expected to be \$21.3 million, with \$6.6 million being incurred in 2018/19.

Dredging of 5.1 km dioxin contaminated sediment

34,500 cubic metres of sediment was dredged and sealed in two containment sites



of \$21.3 million incurred in 2018/19

KAITUNA RIVER RE-DIVERSION AND TE AWA O NGATOROIRANGI/MAKETŪ ESTUARY ENHANCEMENT PROJECT

The Kaituna River re-diversion project will divert the Kaituna River through the Ongatoro/Maketū Estuary, create new wetlands and maximise ecological and cultural benefits to the area.

Through this project we're restoring at least 20 percent of the Kaituna River's freshwater flows into the estuary. We'll also be re-creating 20 hectares of wetlands around the estuary margin, to help filter nutrients and create breeding areas for birds and fish.

The project marked a significant milestone on 26 June, with the opening of the first of 12 culverts to restore freshwater flows into Te Awa o Ngatoroirangi/Maketū Estuary.

The project began in June 2018 and was originally set to be completed by June 2020. Significant progress through 2018/19 has seen the project track ahead of schedule. This \$16 million project is approximately six months ahead of its original completion date, with \$11.6 million being incurred in 2018/19.



of \$16 million incurred in 2018/19

MANAGING PEST PLANTS AND PEST ANIMALS ACROSS THE REGION

We continued to carry out a range of activities to manage pest plants and pest animals across the region.

The management of catfish in the region continues to be an on-going challenge. By the end of the summer season, more than 28,000 catfish had been caught in the Rotorua Lakes. While numbers caught by us in Lake Rotoiti were down compared to last year (24,935 compared to 34,117 for 2017/18), we were disappointed to discover the species near Mokoia Island in Lake Rotorua – the first time catfish have been discovered in Lake Rotorua.

We also continued the development of our new Regional Pest Management Plan which included looking at whether additional pests should be added to the plan.


MANAGING RESOURCE CONSENTS AND REGULATORY COMPLIANCE

Through the year we processed 461 resource consent applications and significant improvement was made in processing times.

96.3% of resource consent applications received during the year, were processed within statutory timeframes. This is a strong improvement compared to 2017/18 where only 55% of were processed within statutory timeframes. In addition, through our regulatory compliance work we conducted more than 3,000 site inspections for consented activities during the year, almost 400 more than the year before.

We also reviewed 7691 performance monitoring data reports provided by consent holders, and more than 3519 service requests received through the Council's Pollution Hotline, 19.5% more than the year before. This continues the trend that we have been seeing of increased calls to the Hotline over the past five years. Even with this increase, staff responded to 100% of all urgent calls, and customer satisfaction surveys returned 94% positive feedback.





Freshwater for life

He wai māori, he wai oranga

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

Objectives

- 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.
- 4 We recognise and provide for Te Mana o Te Wai (intrinsic value of water).

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 our 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.

FRESHWATER FUTURES PROGRAMME

The National Policy Statement for Freshwater Management (NPSFM) directs us to set new objectives, policies and limits for water management at a local level.

Throughout the year we continued work to implement the National Policy Statement for Freshwater Management (NPSFM).

In the Rangitāiki and Kaituna/Maketū and Pongakawa/Waitahanui water management areas (Proposed Plan Change 12), we continued to seek feedback and advice from the relevant Freshwater Community Groups on the work that we are doing towards setting limits for freshwater quality and quantity.

Our Region-wide Water Quality Plan Change (Plan Change 9) also progressed, as the first step of an overall two-stage approach to improve rules for water quantity management progressing through the RMA Schedule 1 process. It is now subject to appeals.

A baseline stocktake for the Rotorua Water Management Area (Proposed Plan Change 15) was prepared. It highlights that while we hold very good information about the Rotorua lakes, we need to increase our knowledge about the streams in the catchments. Similarly, a baseline stocktake for the Tauranga Moana area has been prepared to a draft stage. We continue to work with local iwi on this.




The water program at large may change considerably depending on the Government Essential Freshwater and Shared Interests in Freshwater policy reforms.

IMPROVING AND SHARING OUR KNOWLEDGE

Good decision making is supported through improving and sharing of knowledge.

During 2018/19, we continued to learn and design new ways to share information with staff, public, and other agencies that we work with.

Examples of this in action includes:

-  The creation of the Indicative Groundwater Availability and Consented Allocation tool. This tool helps users to understand the likely availability of groundwater in any given area in the region. The tool will be particularly useful for people preparing resource consent applications for water takes.
-  The project to scan all crown archive historic aerial images of the Bay of Plenty (between 1937–2005), in partnership with Land Information New Zealand was completed.
-  The Tauranga Moana State of the Environment Report, which was written co-jointly with Tauranga Moana iwi. This document is published on our Council website, and helps to share what we know about Tauranga Harbour with the wider community.

ROTORUA TE ARAWA LAKES PROGRAMME

The Rotorua Te Arawa Lakes Programme is a partnership between Regional Council, Te Arawa Lakes Trust and Rotorua Lakes Council that has been established to coordinate, prioritise and deliver on all our work related to improving the health of the Rotorua Te Arawa Lakes.

The Rotorua Te Arawa Lakes Programme is part-funded through a Deed of Funding Agreement with the Crown (\$72 million). We set targets in all lake catchments so that we are able to monitor the health of the water and the impact of our work. Across our lakes, we use a range of interventions to proactively minimise algal blooms and improve water quality.

We continued to deliver this co-ordinated programme of work during 2018/19 with work focused on managing long term water quality via nutrient reduction targets, primarily nitrogen, that were set in the Regional Policy Statement for Lake Rotorua and in other lake action plans.

Highlights included:

- Three land use change agreements were negotiated during the year (two in the Lake Rotorua Catchment and one in the Lake Ōkāreka Catchment). The Ōkāreka land use change project secured 56 hectares of land use change (gorse and farming land use to mānuka land use), equalling more than 50% of the project targets. Negotiations to achieve the remaining catchment target also progressed well. In the Lake Rotorua Catchment, an additional 74 hectares and 1.5 tonnes of nitrogen was secured. This was slower progress than forecast, however, following announcements of Lake Rotorua Nutrient Management (Plan Change 10) hearings this slowdown may correct itself.
- The review of water quality science for Rotorua Nutrient Management Plan Change (Plan Change 10) was completed by the Water Quality Technical Advisory Group (TAG) for the Rotorua Te Arawa Lakes Programme. It showed that reducing land use losses of both nitrogen and phosphorus remains the right approach.
- The Lake Rotorua alum dosing programme, continues to help maintain good water quality in the lake with no algal blooms since 2010.



- The joint project to develop voluntary Farm Environment Plans for all farms in the inner and outer catchments of Lake Tarawera (which are actioned in the Tarawera Lakes Restoration Plan) was completed, and in total 48 Farm Environment Plans were developed.
- The implementation of the Lake Rotorua Nutrient Rules (Plan Change 10) is progressing well, with 28 Resource Consents now issued for properties over 40 ha in effective area and a further five properties in this category have been assessed as being low intensity and not requiring a resource consent. This represents 35% of the larger properties in the Rotorua Lakes Catchment (over 40 ha), with the majority of the remaining properties in this category actively working towards developing a Nutrient Management Plan.

The 2018/19 budget of \$11.3 million for this multiyear programme was underspent by \$6.7 million largely due to a less than forecast uptake of the land use change incentives agreements – a significant component of the programme. Council staff have been reviewing the tools used to achieve the challenging targets in the Programme and Council is due to consider options in mid-2019.

Safe and resilient communities

Kia haumaru, kia pakari te hapori

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

Objectives

- 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.

Our region is subject to a number of natural events, including volcanic activity, earthquakes and extreme rainfall.

These events 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.

EMERGENCY MANAGEMENT BAY OF PLENTY

The Emergency Management Activity provides Civil Defence Emergency Management (CDEM) services to the Council, as well as regional management leadership.

We continued to carry out key activities during the year to support the community to prepare for, respond to and recover from events that can cause widespread damage and/or loss of life.

A significant piece of work completed during 2018/19 was the development and approval of the new Bay of Plenty CDEM Group Partnership Agreement. The Agreement reaffirms the operational arrangements for CDEM within the Bay of Plenty and defines our collective and individual roles and responsibilities for delivery of CDEM outcomes before, during and after emergencies.

We had a number of small scale events to respond to during the year. Staff also attended and completed a variety of training courses, and participated in national exercises to assist with our preparedness to respond to future civil defence emergencies. During the year two awards were received from the International Association of Emergency Managers for the joint project between Emergency Management Bay of Plenty and Te Puni Kokiri on marae preparedness.

COUNCIL RESPONSE TO CLIMATE CHANGE

Climate change is one of the biggest strategic challenges facing our region and impacts across all four of our Community Outcomes. The United Nations Intergovernmental Panel on Climate Change (IPCC) report, released in October 2018, emphasised the need for urgent action, with drastic steps required in the next 12 years to limit the severe impacts expected due to climate change.

We currently engage in climate change adaptation and the reduction of greenhouse gas emissions across a range of our activities. One example of this is planting that we carry out in our regional parks. While the core purpose is to improve biodiversity and the visitor experience, planting trees also increases the amount of carbon storage in our region. Another example is the consideration of the effects of climate change in the level of service for the design and maintenance of the region's stopbanks.

Despite this, we are aware that we need to do more to reduce emissions, and to assist our community to adapt. During 2018/19, we consulted with our community about climate change, and feedback received confirmed it as an issue of importance for the community. We also developed our Climate Change Action Plan to guide our climate change response work. The action plan contains four main focus areas:

- Reducing our own carbon footprint,
- Incorporating climate change considerations in our decision making,
- The services we provide as a regional council, and
- Collaborating with our communities to build resilience and work on the region's response to climate change.

During the year we also declared a climate emergency, and a decision was also made to investigate a specific Climate Change Fund.



Council adopted our
**Climate
Change
Action Plan**

Declared
**climate
emergency**



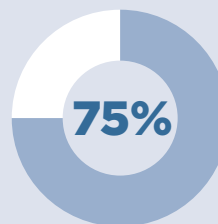
RANGITĀIKI FLOODWAY UPGRADE PROJECT AND KAITUNA SCHEME REPAIRS

The purpose of this project is to design and complete upgrades to the Rangitāiki floodway and spillway as part of a wider flood mitigation project to protect the Edgumbe township, and the Rangitāiki Plains, from an up to 100 year flood event. Repairs following a severe weather event that resulted in Ngongotahā Stream overflowing its banks during April 2018 are also being carried out.

Work continued to progress on the Rangitāiki Floodway project throughout the year with the following key milestones being reached:

- Stage 4 earthworks to relocate stopbanks, channel widening to increase capacity, and work on internal drainage systems was completed.
- Stage 5 physical works began in March, and are now well underway. They involve the new channel cut to the Rangitāiki River (bifurcation), upgrade of Thornton Hall Road, and associated bridge work.
- We consulted with affected landowners and the wider community on design options to upgrade the spillway section (Stage 7) of the Floodway. The lower fixed crest weir was identified as the preferred option.

In April 2018, a severe weather event occurred in the Rotorua district resulting in the Ngongotahā Stream overflowing its banks in several places and water inundating many homes, and some businesses. Work to repair damage continued in 2018/19, and we are now at a point where 75% of high priority flood repairs have been completed. Repairs to remaining erosion sites on the Ngongotahā Stream and other streams within the upper Kaituna Scheme area are set to be finished during 2019/20.



**of high priority
flood repairs
completed**
*on the upper Kaituna
Scheme streams*

RIVERS AND DRAINAGE FLOOD REPAIR PROJECT

Bay of Plenty Regional Council is carrying out repairs to approximately 520 sites that were damaged during the April 2017 flood event.

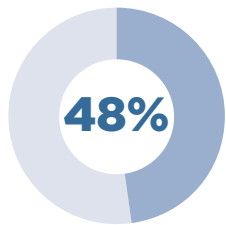
Two extreme weather events in early April 2017 brought prolonged torrential rain to the Bay of Plenty. The resulting record high river levels and extensive flooding caused significant damage to river and drainage networks and assets across the region. As a result, 520 sites were identified as needing repair across all of our managed river schemes.

The project is midway through its four-year programme of work to repair the 520 sites and is scheduled to be completed by 30 June 2021.

At the end of 2018/19, repairs have been completed for 249 (48%) of the 520 sites, with approximately 130 (25%) of the sites completed during 2018/19. While work in some schemes is well ahead of the programme plan (Waioeka-Otara Rivers Scheme) others have been constrained by the lack of rock supply.

The new section of the College Road stopbank in Edgecumbe was completed. This work involved the relocation and construction of the new stopbank, reinstatement of the berm area and a realignment of College Road. To enable the work to take place, 12 properties opposite the breach site were acquired and cleared to enable the stopbank construction and road realignment.

Total costs for this four-year project are approximately \$45 million, with \$11.6 million incurred for 2018/19. Project funding will be partially supported by insurance claims, Central Government and other agencies.



Repairs have been completed
for 249 of the 520 sites

New section of the
College Road stopbank
in Edgecumbe

 **Completed**



A vibrant region

Toitū te rohe

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.

Objectives

- 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.

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.

Through our contestable Regional Infrastructure Fund, established through the Long Term Plan 2012-2022, we are supporting projects initiated by our partners, such as the Ōpōtiki Harbour Transformation Project and the Scion Innovation Hub in Rotorua.

We facilitate Bay of Connections, the economic development framework for the wider Bay of Plenty. Its goal is to grow our region's investment and job opportunities, in partnership with economic development agencies.

We also keep the community connected through the regional bus network of Bayhopper and Cityride buses.

FUTURE DEVELOPMENT STRATEGY

Councils in high growth areas like the western Bay of Plenty are required by Government to assess future housing and business needs and create a development strategy for the next 30 years.

The Future Development Strategy (FDS) is a document produced by SmartGrowth (a partnership of councils and tangata whenua) to drive the discussion and decision-making needed to manage this expected growth.

The proposed Future Development Strategy for western Bay sub-region was released for consultation in October 2018. Over 200 submissions were received on the strategy. The strategy is due to be completed in 2020 following consideration of the submissions and incorporating outcomes from the Urban Form and Transport Initiative (UFTI). UFTI is a collaborative project between SmartGrowth and central government agencies to create a coordinated approach to future development and transport in the western Bay of Plenty.

PUBLIC TRANSPORT ACROSS THE REGION

We plan, contract, fund and monitor passenger transport services in the region, including the Bayhopper service and concessionary fare schemes such as Total Mobility.

We continued to provide bus services for Tauranga, Rotorua and rural areas with more than 2.71 million passenger trips recorded during the year. Across the 11 services operated throughout the region, patronage has grown on five of the services – with patronage increasing for the Tauranga Bayhopper urban, Ōhope, Te Puke and Katikati/Ōmokoroa services. Declines were seen on the Tauranga Bayhopper Schools and Rotorua bus services. We expect to see an increase in the use of the Tauranga Bayhopper Schools following the introduction of fare free bus service trial for Tauranga school children beginning in 2020, and a review of the Rotorua bus network that is underway in 2019.

We started a one year trial of fare-free bus services for school students in Welcome Bay which will continue into 2019/20. We also introduced concession bus fares on the Rotorua CityRide urban service, while the Waihi Beach trial passenger transport service was continued as a permanent two day a week service. Use of the public Wi-Fi on Tauranga buses continued to increase as confidence grows in the system and Council agreed to implement and fund passenger Wi-Fi on Rotorua and Eastern Bay bus services. Fare free bus travel was provided for special events during the year, including the Bay of Plenty Steamers' game against Canterbury, AIMS Games in Tauranga, and the royal visit of the Duke and Duchess of Sussex to Rotorua.

In December 2018, the public transport system in Tauranga underwent significant change with the implementation of the Western Bay of Plenty Public Transport Blueprint. That change also resulted in a change in bus contractor. Following implementation of the Blueprint, significant challenges were initially experienced with the delivery of the new public transport network. We worked closely with the new contractor (NZ Bus) to address many of the issues as quickly as possible, with the performance of the bus network improving over the last quarter of 2018/19. The delivery of our bus services will continue to remain a priority for Council across the region through 2019/20.

REGIONAL INFRASTRUCTURE PROJECTS

The Regional Infrastructure Fund provides funding to third party infrastructure projects that have regional significance.

We continued to administer the Regional Infrastructure Fund and other Third Party Infrastructure projects, with the following milestones reached during the 2018/19 financial year.

The new University of Waikato Tauranga Tertiary Campus was opened for the 2019 academic year. This project was jointly funded by the Bay of Plenty Regional Council, Tauranga Energy Consumer Trust, Tauranga City Council and the University of Waikato. The Regional Council contributed \$15 million to the project.

Other milestones included the start of construction on the Scion Innovation Hub in Rotorua (with first funding drawdowns expected in 2019/20), the completion of stage one of the Tauranga Harbour Marine Precinct, and continued progress on the Ongare Point and Rotoiti/Rotomā wastewater reticulation schemes.

BUILDINGS UPGRADE PROJECT

Bay of Plenty Regional Council is currently upgrading its two offices in Whakatāne and Tauranga. We have also secured a tenancy within a new building in Rotorua, with all projects to be completed in 2019/20.

This project includes the refurbishment of Regional House in Tauranga, modernising the Whakatāne office, as well as upgrading Wallingford House in Tauranga to an IL4 (Importance Level) building to accommodate the Civil Defence Emergency Management Group Emergency Coordination Centre.

Refurbishing Regional House will enable all Tauranga-based staff to be brought together to work from one location. Modernising the Whakatāne office space, which includes changing the working space to open plan, will see all staff benefit from having flexible workspaces.

A significant amount of work was carried out during the year with the refurbishment of our Regional House office in Tauranga nearly complete and the refit of our office in Whakatāne (50% complete). Environmentally sustainable design features are being integrated into the Tauranga and Whakatāne offices to significantly reduce the organisation's energy use and carbon footprint.



RAKEIAO

RAKEIAO

Māori participation in decision making

Te whakaurunga o ngāi Māori ki te tuku whakaaro

Our region has New Zealand's second largest Māori population, making up approximately 28 percent of our population. There are 37 iwi, 260 hapū and 180 marae located across the region.

Māori are key partners, stakeholders and members of our community. Within our region there are approximately 1,800 land trusts covering more than 5,000 Māori land blocks. As of July 2019, there are 22 comprehensive Treaty settlements and several more in progress. Māori make a significant contribution to the region through their ownership of assets; contribution to economic development; participation in Treaty co-governance arrangements with councils; and their kaitiaki roles and responsibilities which influence conservation, preservation and management of natural resources.

During 2018/19 we continued to honour our obligations to Māori and support Māori participation in decision making processes. Council's Komiti Māori (Māori Standing Committee) held six hui on marae across the region in 2018/19 and endorsed the development of *He Korowai Mātauranga (Mātauranga Māori Framework)* – an internal document that aims to recognise mātauranga Māori in decision making processes. In support of this, during the year we:

- Assisted iwi members and staff on Treaty co-governance forums,
- Supported Māori constituent councillors and their contributions to Council,
- Hosted a Councillor workshop on Council-Māori relationships,
- Hosted four Resource Management Plan training sessions for tangata whenua and contributed towards the development of Standard Operating Procedures for tangata whenua engagement,
- Commenced the development of a guideline for staff - *Taking into Account Iwi Planning Documents under the Resource Management Act 1991*, and provided a number of He Korowai Mātauranga information sessions across Toi Moana offices to help build knowledge and understanding in staff of Te Ao Māori, and
- Provided high level advice to Te Arawhiti (formally the Office of Treaty Settlements) on two comprehensive Treaty of Waitangi negotiations for iwi in the Bay of Plenty region and funded three hapū/iwi environmental management plans.



Groups of activities

Nga rōpū mahinga

Our work is carried out across 33 activities which are split into nine groups of activities.

These nine groups deliver the services and infrastructure, and perform the functions that assist us to deliver on the Community Outcomes outlined in our strategic framework. The matrix shows the nine Groups of Activities and the Community Outcomes they link to most strongly.

The following pages report back on financial performance and performance measures for 2018/19, using our nine Groups of Activities.

Our full Annual Report provides more detail around the work delivered by Council during the year across our Groups of Activities including detailed information around the performance measures.

GROUPS OF ACTIVITIES

	<i>A Healthy Environment</i>	<i>Freshwater for life</i>	<i>Safe and resilient communities</i>	<i>A vibrant region</i>
Integrated Catchment Management	●	●		
Flood Protection and Control			●	
Resource Regulation and Monitoring	●		●	
Transportation				●
Regional Development				●
Regional Planning and Engagement	●	●		●
Emergency Management			●	
Technical Services	●	●	●	●
Corporate Services	●	●	●	●

Key

● Operating expenditure	● Capital expenditure
● Operating revenue	● Capital revenue

INTEGRATED CATCHMENT MANAGEMENT

Te Whakahaere Tōpū i Ngā Wai

Our Integrated Catchment Management work protects our lakes, rivers, wetlands and coastal environment.

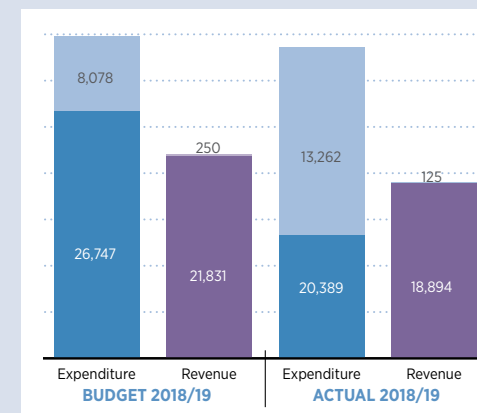
Activities

- Tauranga Harbour
- Rotorua Lakes
- Kaituna
- Eastern Catchments
- Regional Integrated Catchment Management

Performance measure

2 Achieved 1 Not achieved

Actual v Budgeted Spend



FLOOD PROTECTION AND CONTROL

Te Pare me te Whakahaere Waipuke

Our Flood Protection and Control work covers the management of four river schemes, one major drainage scheme and 37 small drainage/pumping schemes.

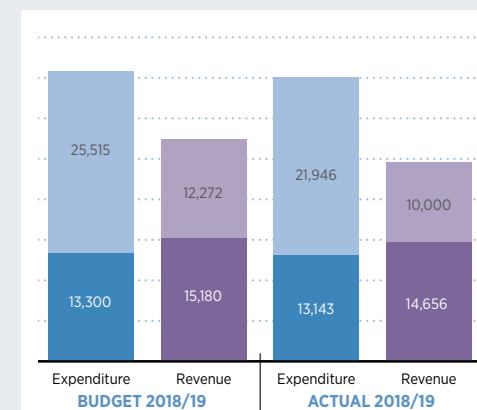
Activities

- Rivers and Drainage Schemes
- Regional Flood Risk Coordination

Performance measure

2 Achieved 0 Not achieved

Actual v Budgeted Spend



RESOURCE REGULATION AND MONITORING

Ngā Ture Rawa me te Aroturuki

Our Resource Regulation and Monitoring work protects and maintains our environment, on land, air and at sea.

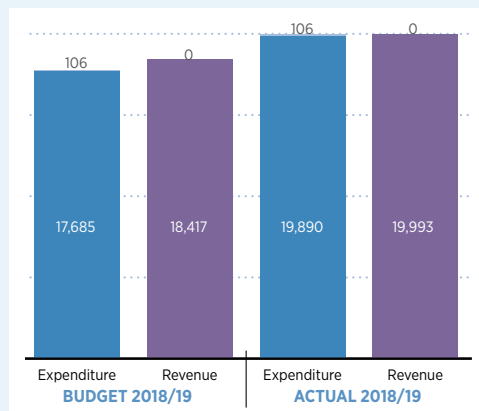
Activities

- Air Quality
- Biosecurity
- Resource Consents
- Regulatory Compliance
- Maritime Operations

Performance measure

6 Achieved **3** Not achieved

Actual v Budgeted Spend



REGIONAL DEVELOPMENT

Whanaketanga ā-Rohe

Our Regional Development work involves collaborating with Māori and a variety of community stakeholders to develop initiatives to improve the Bay of Plenty – socially, culturally, economically and environmentally.

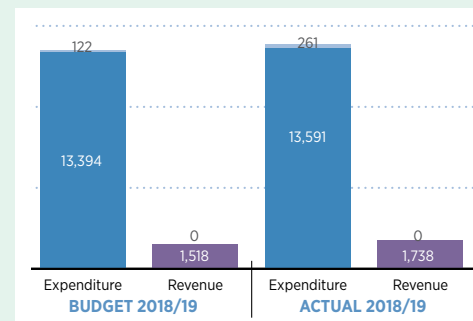
Activities

- Regional Infrastructure
- Regional Economic Development
- Regional Parks

Performance measure

2 Achieved **0** Not achieved

Actual v Budgeted Spend



TRANSPORTATION

Ikiiki

We plan, contract, fund and monitor passenger transport services in the region, including the Bayhopper services, and concessionary fare schemes such as Total Mobility.

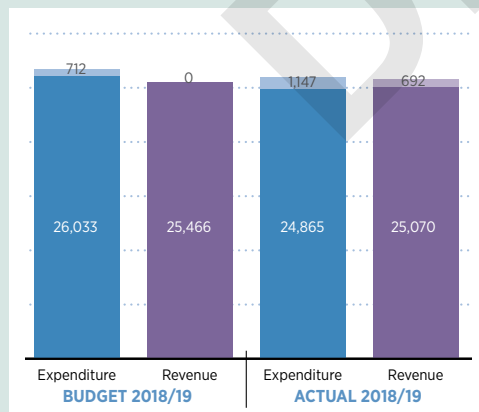
Activities

- Passenger Transport
- Transport Planning

Performance measure

2 Achieved **1** Not achieved

Actual v Budgeted Spend



REGIONAL PLANNING AND ENGAGEMENT

Te Hanga Mahere ā-Rohe me te Whakawhitiwhiti

Our Regional Planning and Engagement work provides planning and policy advice and informs our overall strategic direction.

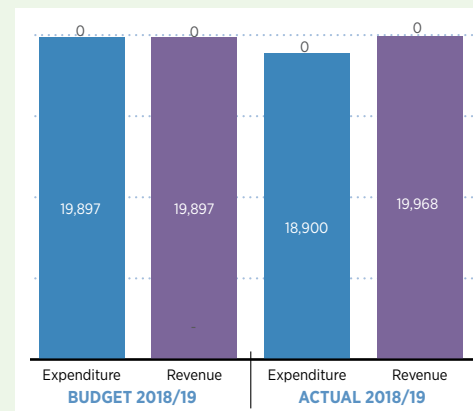
Activities

- Regional Planning
- Māori Policy
- Geothermal
- Community Engagement
- Governance Services

Performance measure

7 Achieved **0** Not achieved

Actual v Budgeted Spend



EMERGENCY MANAGEMENT

Te Whakahaere Mate Whawhati Tata

Our Emergency Management Activity provides Civil Defence Emergency Management (CDEM) services to the communities of the Bay of Plenty, as well as regional emergency management leadership.

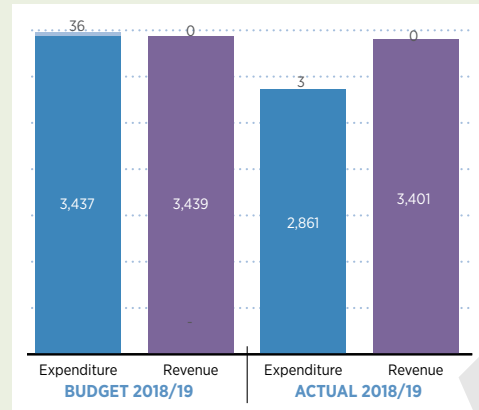
Activities

- *Emergency Management*

Performance measure

2 Achieved **1** Not achieved

Actual v Budgeted Spend



CORPORATE SERVICES

Ngā Ratonga Rangatōpū

Our Corporate Services provides support services to all of the activities across Council.

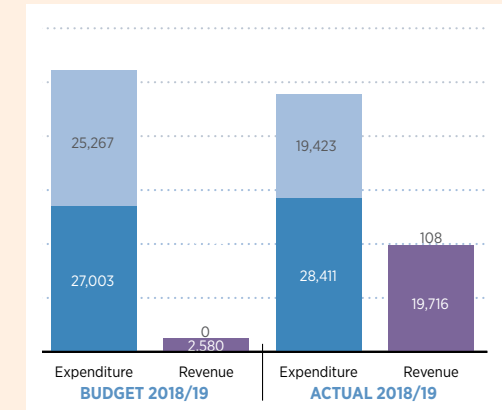
Activities

- *Communications*
- *People and Capability*
- *Internal Services*
- *Corporate Property*
- *Information and Communication Technology*
- *Finance and Corporate Planning*

Performance measure

0 Achieved **1** Not achieved

Actual v Budgeted Spend



TECHNICAL SERVICES

Ngā Ratonga Hangarau

Our Technical Services work includes technical advice, information and services to Council and direct to the community.

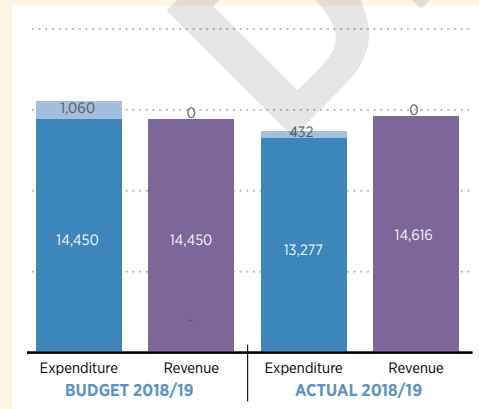
Activities

- *Geospatial*
- *Engineering*
- *Data Services*
- *Science*

Performance measure

2 Achieved **0** Not achieved

Actual v Budgeted Spend



Key

- Operating expenditure
- Capital expenditure
- Operating revenue
- Capital revenue



Summary financial statements

Whakarāpopoto pūrongo pūtea

Summary extract from the statement of accounting policies

Bay of Plenty Regional Council is a Regional Council established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The group consists of the ultimate parent, Bay of Plenty Regional Council and its subsidiary, Quayside Holdings Limited (a 100% owned investment company). Quayside Holdings Limited has a 100% shareholding in Quayside Properties Limited, Quayside Unit Trust, Quayside Investment Trust, and Quayside Securities Limited Aqua Curo Limited, and Cibus Technologies Limited. The principal activity of Quayside Securities Limited is to act as trustee for the Quayside Unit Trust and Quayside Investment Trust. Quayside Securities Limited as trustee owns 54.14% of the shares in Port of Tauranga (POTL). The Council's subsidiaries are incorporated and domiciled in New Zealand.

The information included in the summary financial statements has been prepared in accordance with PBE FRS43; Summary Financial Statements. All disclosures in the summary are extracted from the Bay of Plenty Regional Council full financial statements, authorised for issue by Council on 26 September 2019. The full financial statements have been audited by Audit New Zealand, and comply with PBE standards, receiving an unmodified audit opinion on 26 September 2019.

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

	NOTES	2018/19			2017/18	
		Budget \$000	Council \$000	Group \$000	Council \$000	Group \$000
FINANCIAL PERFORMANCE TO 30 JUNE 2019						
Operating revenue		131,225	132,301	423,615	99,090	367,445
Other gains		-	12,345	30,596	1,281	27,753
Total operating revenue	1	131,225	144,646	454,211	100,371	395,198
Operating expenditure		130,153	120,955	295,000	117,796	276,805
Finance costs		2,827	2,571	22,555	-	20,192
Other losses		-	2,753	17,477	538	5,514
Total operating expenditure	2	132,980	126,279	335,032	118,334	302,512
Share of profit of equity accounted investees				7,075	-	15,253
Net surplus/(deficit) before tax		(1,755)	18,367	126,254	(17,962)	107,940
Income tax expense		-	-	35,317	-	33,023
Net surplus/(deficit) after tax		(1,755)	18,367	90,937	(17,962)	74,917
OTHER COMPREHENSIVE REVENUE AND EXPENSES						
Asset revaluation gains		5,962	36,540	111,134	20,628	233,222
Financial asset fair value changes		392	171	(7,531)	(1,021)	(2,386)
Total comprehensive revenue and expense		4,599	55,078	194,540	1,645	305,753
<i>Attributable to:</i>						
Equity holders of the parent		4,599	55,078	119,752	1,645	168,226
Non-controlling interest		-	-	74,788	-	137,526
		4,599	55,078	194,540	1,645	305,752

	NOTES	2018/19			2017/18	
		Budget \$000	Council \$000	Group \$000	Council \$000	Group \$000
CHANGES IN EQUITY/NET ASSETS						
Balance at 1 July		429,613	450,708	1,602,893	449,062	1,355,457
Adoption to PBE IFRS 9 and NZ IFRS 9 adjustments		-	3,579	3,305	-	-
Total comprehensive revenue and expense previously reported		4,599	55,078	194,540	1,646	305,752
		434,212	509,365	1,800,738	450,708	1,661,210
Decrease in share capital		-	-	(997)	-	(1,460)
Dividends to shareholders		-	-	(62,343)	-	(58,974)
Other adjustments		-	-	43	-	-
Equity settled share-based payment accrual		-	-	2,038	-	2,117
Balance at 30 June		434,212	509,365	1,739,479	450,708	1,602,893
FINANCIAL POSITION AS AT 30 JUNE 2019						
Current assets		50,191	235,669	339,845	125,651	222,544
Non-current assets		511,124	440,020	2,374,208	366,824	2,186,585
Total assets	3	561,315	675,689	2,714,053	492,475	2,409,129
Current liabilities		16,707	111,094	482,971	25,575	394,235
Non-current liabilities		110,395	55,230	491,603	16,192	412,001
Total liabilities	4	127,102	166,324	974,574	41,767	806,236
Total equity attributable to the group		434,212	509,365	1,213,809	450,708	1,097,343
Non controlling interest		-	-	525,670	-	505,550
Total equity		434,212	509,365	1,739,479	450,708	1,602,893
CASH FLOWS TO 30 JUNE 2019						
Net cash inflows/(outflows) from operating activities	5	13,049	2,835	88,477	(2,155)	75,659
Net cash inflows/(outflows) from investing activities	6	(57,811)	(29,414)	(98,727)	38,736	4,259
Net cash inflows/(outflows) from financing activities	7	42,878	90,151	99,264	(5)	(45,430)
Effects of exchange rate changes on cash and cash equivalents		-	-	(143)	-	142
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(1,884)	63,572	88,871	36,576	34,630
Cash, cash equivalents and bank overdrafts at the beginning of the year		20,190	74,538	116,226	37,962	81,596
Cash, cash equivalents and bank overdrafts at the end of the year		18,306	138,110	205,097	74,538	116,226

NOTES:

- 1. Operating revenue** is \$13.4 million more than planned. The major reason for the increased revenue was due to a gain on the revaluation of the Put Option Liability of \$11.6 million. This is a non-cash gain which is eliminated on the consolidation of the Group accounts. Other major variances within the revenue classes are identified below:
 - Subsidies and grant revenue - \$1.1 million less than budget due to reduced grant funding from Ministry for Environment due to reduced uptake of the Land Incentive contract payments made (Te Arawa Rotorua Lakes).
 - Finance revenue - \$0.9 million higher than budget due to Council borrowing an additional \$40 million from the LGFA to pre-fund capital expenditure and investing these funds to align with cashflow requirements.
 - Council received additional revenue of \$3 million due to a subvention payment from Quayside for group tax advantages.
- 2. Operating expenditure** is \$6.7 million less than budget. This mainly relates to:
 - Underspend of \$6.1 million within the Te Arawa Rotorua Lakes programme due to low uptake of the Land Incentive payments.
 - Savings of \$1.2 million due to the organisational fit for purpose review.
- 3. Assets** were \$114.4 million higher than budget due to Council borrowing an additional \$40 million from LGFA and investing this in term deposits to achieve an enhanced interest position. An increase in asset revaluation also attributed to the variance.
- 4. Liabilities** were \$39.2 million more than budget mainly due to an additional \$40 million drawn down from LGFA for capital expenditure, these borrowings were re-invested to align with future cash-flows.
- 5. Net cash from operating** activities was lower than budget by \$10.2 million due to lower than planned payments to suppliers.
- 6. Net cash from investing** activities was higher than budget by \$28.4 million due to lower capital expenditure and infrastructure grants not released as planned.
- 7. Net cash from financing** activities was \$47.3 million higher than planned due to increased borrowings used to fund term investments.

Contingent liabilities

FINANCIAL GUARANTEE - NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

The Bay of Plenty Regional Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AA+ which is equal to New Zealand Government sovereign rating.

As at 30 June 2019 Bay of Plenty Regional Council is one of the 31 shareholders made up of 30 local authorities and central government. All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling \$20 million in aggregate which can be called on in the event that an imminent default is identified. Also together with the other shareholders, Bay of Plenty Regional Council is a guarantor of all of NZLGFA borrowings. As at 30 June 2019, NZLGFA had borrowings totalling \$9,531 million (2018: \$8,272 million).

Financial reporting standards require Bay of Plenty Regional Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local Government legislation would enable local authorities to levy a rate, to recover sufficient funds to meet any debt obligations if further funds were required.

UNCALLED CAPITAL

The Council is liable for the uncalled capital in its wholly owned subsidiary, Quayside Holdings Limited, of \$81,829,918 being 2,003,190,217 Redeemable Preference Shares at 0.000004 cents per share.

Commitments

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred. As at balance date Council had a total of \$11.4 million capital commitments (2017/18 \$16.4 million). As at balance date capital commitments for the Group were \$31.0 million (2017/18 \$30.3 million).

OPERATING LEASES

	2018/19		2017/18	
	Council \$000	Group \$000	Council \$000	Group \$000
OPERATING LEASES AS LESSEE				
Not later than one year	750	750	768	861
Later than one year and not later than five years	506	506	1,147	1,147
Later than five years	285	285	267	267
Total non-cancellable operating leases	1,541	1,541	2,182	2,275
OPERATING LEASES AS LESSOR				
Not later than one year	128	18,619	77	14,956
Later than one year and not later than five years	434	41,471	308	21,207
Later than five years	1,480	41,201	-	33,007
Total non-cancellable operating leases	2,042	101,291	385	69,170

Related party transactions

Bay of Plenty Regional Council is the parent of the Group and controls Quayside Holdings Limited and its subsidiaries, Quayside Properties Limited, Quayside Securities Limited, Quayside Investment Trust and Quayside Unit Trust Aqua Curo Limited, and Cibus Technologies Limited. Through the shareholding in Quayside Securities Limited as Trustee for Quayside Unit Trust, a controlling interest is held in the POTL and its subsidiaries and equity accounted investees.

Two Councillors of the Bay of Plenty Regional Council (Stuart Crosby and Paula Thompson) were directors of Quayside Holdings Limited, Quayside Securities Limited and Quayside Properties Limited at 30 June 2019.

The Chief Executive of Bay of Plenty Regional Council (Fiona McTavish) was appointed as Director of the above companies in effective 30 June 2018.

The Chairman of the Bay of Plenty Regional Council (Douglas Leeder) was appointed as a director of Port of Tauranga Limited in October 2015.

Events after balance date

On 1st July 2019, Quayside Holdings Limited established a new PIE Trust the 'Toi Moana Trust'. The Trustee of this Trust will be Quayside Securities Limited and the majority of units in the new Trust will be issued to Bay of Plenty Regional Council.

In August 2019 the Reserve Bank of NZ lowered the Official Cash Rate (OCR) to 1%. This will have significant downward impact on interest rates in the foreseeable future. This will result in lower interest costs on floating rate debt and higher payments on interest rate swaps.

SUBSIDIARY

On 29 July 2019, the Port of Tauranga Limited refinanced a tranche of its \$430 million Standby Revolving Cash Advance Facility, increasing the facility size by \$50 million to \$480 million. The Tranche 1 \$50 million facility was increased by \$50 million to \$100 million and the maturity date of this tranche was extended from 1 October 2019 to 29 January 2021.

Audit Report

INDEPENDENT AUDITOR'S REPORT

DRAFT





*5 Quay Street, Whakatāne
1125 Arawa Street, Rotorua
87 First Avenue, Tauranga
P O Box 364, Whakatāne 3158*

You can view the full Annual Report on Bay of Plenty Regional Councils website www.boprc.govt.nz

The Annual Report Summary does not provide as complete an understanding of Bay of Plenty Regional Council's activities as provided by the full Annual Report. If you would like a copy of the 2018/19 Annual Report please visit our website www.boprc.govt.nz or alternatively, call 0800 884 880 for a printed copy.