Thriving together - mō te taiao, mō ngā tāngata

The way we work

Our values

- Trust
- Integrity
- Courage
- Manaakitanga
- Kotahitanga
- Whanaungatanga

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.

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.

Freshwater for life

- Our water and land management practices maintain and improve the quality and quantity of the region’s fresh water resources.

Objectives

1. Good decision making is supported through improved knowledge of our water resources.
2. We listen to our communities and consider their values and priorities in our regional plans.
3. We work cohesively with volunteers and others, to sustainably manage and improve our natural resources.
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.

Objectives

1. We provide systems and information to increase understanding of natural hazards and climate change impacts.
2. We support community safety through flood protection and navigation safety.
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).

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.

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.

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
Executive Summary 4

Community Outcomes in Action – Ngā putanga-a-hapori 6
- A healthy environment – He taiao ora 7
- Freshwater for life – He wai māori, he wai oranga 8
- Safe and resilient communities – Kia haumaru, kia pakari te hapori 9
- A vibrant region – Toitū te rohe 10

Financial Performance – Ngā whakatutukianga ahumoni 11
Service Delivery Performance – Ngā whakatutukianga-a-ratonga 19
Health and Safety – Te Hauora me Te Haumaru 23
People and Culture – Pūmanawa Tangata 25
COMMUNITY OUTCOMES IN ACTION

Our work is focused on delivering our Community Outcomes and the wellbeing of our community. The Community Outcomes in Action section of this report (page 6), provides information on the progress made on a number of key projects and areas of work that directly contribute to these Outcomes. For this quarter, it includes:

- **Whakaari/White Island Eruption:** On 9 December, Whakaari/White Island erupted with 47 people on the volcano. As at 30 January 2020, 21 people had died as a result of the eruption, with 23 still in hospitals in New Zealand and overseas. The response to the event was led by the Bay of Plenty Civil Defence Emergency Management (BOPCDEM) Group, alongside the recovery operation led by New Zealand Police. The Whakatāne Emergency Operations Centre and BOPCDEM Group Emergency Coordination Centre were both activated to support the coordination of welfare services for the victims, survivors and their families and Ngā Tikanga o Ngāti Awa played a significant role throughout the event, including enacting a rāhui. Attention now turns to a post-event recovery strategy.

- **New Council Elected:** The Local Authority elections were held in October 2019. The Eastern Bay of Plenty and Tauranga General Constituency councillors from the previous triennium were elected unopposed, while there was also no change to the Councillors elected in the Western Bay of Plenty and Rotorua General constituencies. The Mauao Māori constituency Councillor was returned as the sitting Councillor, and new Councillors were elected to the Kōhī and Okurei Māori constituencies.

- **Urban Form and Transport Initiative (UFTI):** The final UFTI Interim Report was released 18 December, summarising four options for addressing urban form and transport challenges in the face of significant growth pressures in the western Bay.
FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDING 31 DECEMBER 2019

Council is forecasting a year end operating deficit of $7.3 million, which is $2.4 million lower than the budgeted deficit of $9.7 million. $3.5 million of forecast underspend in the Rotorua Lakes land use change incentives agreements is being carried forward into future years through Annual Plan 2020/21.

Council is forecasting capital expenditure of $50.0 million; this is $9.6 million lower than budget.

Staff have now moved into Regional House from multiple sites across Tauranga. The adjusted delivery programme and change to the plans for Wallingford house have contributed $8.4 million to the total capital forecast underspend of $9.7 million. It was agreed, at the December Council meeting, to carry forward $8 million through the Annual Plan 2020/21.

**Summary financial performance**

<table>
<thead>
<tr>
<th></th>
<th>YEAR TO DATE $000</th>
<th>ANNUAL $000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue by class</strong></td>
<td>85,350</td>
<td>134,111</td>
</tr>
<tr>
<td><strong>Operating expenditure by class</strong></td>
<td>63,283</td>
<td>143,769</td>
</tr>
<tr>
<td><strong>Total operating surplus (deficit)</strong></td>
<td>22,067</td>
<td>(9,658)</td>
</tr>
<tr>
<td><strong>Capital revenue</strong></td>
<td>3,165</td>
<td>6,872</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>26,643</td>
<td>59,719</td>
</tr>
</tbody>
</table>

**SERVICE DELIVERY PERFORMANCE**

Highlights include the number of people (patronage) travelling on our public transport services and the number of regional park visitors with both these areas tracking ahead of the same period last year.

In the Emergency Management activity, the level of staff training for roles in the Emergency Coordination Centre continues to be behind our target, but we are focused on achieving it by the end of the year. The number of replacement non-compliant burners in the Rotorua Airshed, which can be attributed to the Rotorua Air Quality programme, has increased during the quarter, leading to us improving our outlook and thereby changing our forecast from ‘at risk’ to ‘forecast to be achieved’.

**PEOPLE AND CULTURE**

Work is progressing on a People Plan to ensure our people can deliver great outcomes for our community. Key focus areas will include Leadership, the Employee Experience, Te Ao Māori and being future ready. The People Plan will be shared with the wider organisation in early 2020. Collective bargaining between the two representative unions and the employer commenced on 13 November 2018, and is progressing.

**HEALTH AND SAFETY**

There was one lost time injury during the quarter, where an employee slipped and cut their hand on a metal pipe. Furthermore one injury required medical treatment for a strained wrist caused by slipping on uneven ground. There were no notifiable events during the quarter.
Community Outcomes in Action
Ngā putanga-a-haporī

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

MOUNT MAUNGANUI AIR MONITORING

Following a period of intensive monitoring and a number of air quality exceedances, Council applied to the Ministry for the Environment for the creation of a new Mount Maunganui airshed, which was then gazetted on 17 October 2019. It is hoped this will enable more stringent rules and resource consent decisions, giving Council a greater ability to manage industrial discharges. Making sure the air is clean for Mount Maunganui residents is important and Council is committed to improved air quality in area.

SECOND GENERATION REGIONAL COASTAL ENVIRONMENT PLAN

Council manages Bay of Plenty’s coastal marine area which stretches from the highest high tide to 12 nautical miles out to sea. The Second Generation Regional Coastal Environment Operative Plan 2019 (the Plan) provides policy support for the management of resources in the coastal environment – the interface between the land and the sea. This helps to protect natural resources, influences coastal developments and includes activities Councils will permit, control or prohibit.

Council started pre-consultation on the Plan in 2011 and spent the following eight years on the public consultation process. In August 2014, 194 submissions were received on the proposed Plan, and 79 submitters presented at hearings. Council then responded to 16 appeals against Council’s decisions. The appeals process led to nine separate Environment Court hearings, three High Court hearings and one Court of Appeal hearing. This resulted in 15 court decisions and 23 consent orders issued. On 3 December 2019, the Plan was made Operative subject to discrete court processes.

KOPEOEPOE CANAL REMEDIALATION PROJECT

The Kopeopeo Canal Remediation Project has now safely removed, stored, and begun bioremediation of dioxin-contaminated sediment from 5.1 kilometres of the Kopeopeo Canal, at its eastern extremity. This is one of the largest decontamination projects in New Zealand and it was awarded “Best Regional Restoration Project” by the Australasian Land and Groundwater Association at its annual awards.

OTAKIRI WATER BOTTLING CONSENTS

An interim decision was issued by the Environment Court on 10 December 2019 to grant resource consents sought by Creswell NZ Limited from both the Regional Council and Whakatāne District Council to expand the existing Otakiri water bottling operation.

The Environment Court decision was not unanimous, with one commissioner considering that the consents should have been declined due to the effects on rural land use and the generation of plastic. However the majority decision – including the judge’s – concluded that an appeal relating to a water take cannot effectively prohibit the use of plastic bottles or export and such intervention would need to be conducted at a national, and legislative, level.

In January 2020, this decision was appealed by Te Rūnanga O Ngāti Awa and Sustainable Otakiri Limited to the High Court.

OTHER HIGHLIGHTS INCLUDE:

- Conducted 1,094 site inspections for consented activities
- Released the Moth Plant Beetle on December 13, to reduce the impact of the invasive Moth Plant in a world first
- Accepted 2,915 samples and carried out a total of 21,642 tests in our labs
- Processed 113 resource consents and of these, 93% were processed within statutory timeframes
**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.*

**FRESHWATER FUTURES**
Council lodged a submission on the Government’s ‘Action for Healthy Waterways’ proposals. It also lodged a joint submission with the Bay of Plenty’s district councils, supported the Regional Sector/LGNZ submission and the preparation of submissions by co-governance bodies. Cabinet intends to make decisions in May, after receiving recommendations from Ministry officials and an independent advisory panel. We continue to provide advice and information to the Ministry for the Environment as requested.

**ROTORUA TE ARAWA LAKES PROGRAMME**
Parties who appealed decisions on Proposed Plan Change 10 (Lake Rotorua Nutrient Management) attended Court-assisted mediation in November, where they resolved a number of appeal points and identified next steps to address remaining issues. The key remaining matter relates to the Environment Court’s direction to consider provision of an allocation to Treaty Settlement Land. A progress report will be provided to the Court on 10 February 2020. The Environment Court is expected to consider the report and set down dates for the second stage hearing.

**HANDS ON WATER EXPO**
Council hosted the Hands on Water Expo in partnership with six other agencies and organisations. The Expo helped students from 16 different schools learn how to care for their catchment. The event is focused on primary students and has been held annually since 2012.

**OTHER HIGHLIGHTS INCLUDE:**
- A workshop was held in November with industry leaders and consent holder representatives from across the region to explore opportunities to improve *water allocation efficiency*, including consideration of relinquishing consented unused water. A report on key issues and recommendations will be drafted and made publically available.
- River monitoring continued to identify sources of e-coli to inform mitigation options to improve water quality at *Kaiate Falls* and the wider Waitao catchment.
- Council staff presented at a *Water Sensitive Urban Design* seminar in Tauranga on 29 October 2019, organised by Tauranga City Council and Water New Zealand. The turn out and feedback was promising, and indications are this will be followed by future events.
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.

WHAKAARI/WHITE ISLAND ERUPTION

On 9 December, Whakaari/White Island erupted with 47 people on the volcano. As a result of this tragic event, and at the time of writing, 21 people have lost their lives and 23 remain in hospitals across New Zealand and Australia. The nature of the eruption and the activity of the volcano meant that a number of people could not be recovered immediately. The response to the event was led by the Bay of Plenty Civil Defence Emergency Management (BOPCDEM) Group and the recovery effort was led by the New Zealand Police. Agencies supporting the police recovery effort included Fire and Emergency New Zealand, Coastguard, Red Cross, St. John Ambulance, New Zealand Defence Force and the White Island tour operators.

The Whakatāne Emergency Operations Centre and BOPCDEM Group Emergency Coordination Centre were both activated to support the coordination of welfare services for the victims, survivors and their families. New Zealanders and foreign nationals from Australia, USA, Great Britain, China and Malaysia were amongst those visiting the island when it erupted. A Civil Defence Centre was established at the Whakatāne Library and Galleries facility to provide information regarding the event and support centres for families and relatives were also set up in Whakatāne and Auckland. An element of national coordination was required to provide welfare services to the injured personnel transported to hospitals outside the Bay of Plenty.

Ngā Tikanga o Ngāti Awa played a significant role throughout the event including the enactment of rāhui, and the manaaki demonstrated throughout, and post, the event. Te Mānuka Tūtahi Marae was opened to give grieving families and the public a place to come, rest and reflect. Ngāti Awa Social and Health Services were immediately on the ground at the Emergency Operations Centre to support the response operations.

The Civil Defence Emergency Management (CDEM) response transitioned to recovery on 20 December with the focus over Christmas shifting to targeted psychosocial support to those affected. Attention will now focus on the economic environment and the development of a support plan to inform the wider public of the recovery strategy.

CLIMATE CHANGE ACTION PLAN

Working groups have been established to deliver the Climate Change Action Plan’s key priorities with initial meetings held. A section on climate change considerations has been incorporated into the new Council reporting template. The baseline audit to establish our current organisational footprint was completed in December 2019.

RANGITĀIKI UPGRADES

Work continued to progress on the Rangitāiki Floodway project. The bridge located at the flow diversion is open to traffic and works have begun on the final canal cut to the Rangitāiki River. The design for Stage 6A works is nearing completion with tender documentation to be finalised in early 2020. The Stage 7 works have been awarded to Waiohuti Contractors with site establishment and enabling works to begin early 2020.

RIVERS AND DRAINAGE BYLAW

Work is progressing on the update of the Bay of Plenty Regional Council Floodway and Drainage Bylaws 2020. The Bylaw must be reviewed every 10 years to ensure it is still fit for purpose. That means that it is informed by the latest science and data, including climate change data, flood modelling, the latest innovations in engineering as well as present issues – notably increased pressures from development and climate change. Initial community engagement was carried out in late 2019 with formal engagement scheduled for April 2020.

OTHER HIGHLIGHTS INCLUDE:

- Completed 57% of repairs from the April 2017 Flood Event
- Delivered five initiatives to promote community resilience and safety including ShakeOut, National Alert Testing and Tsunami: Know When to Go
**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.*

**PUBLIC TRANSPORT ACROSS THE REGION**

We have continued to provide bus services for Tauranga, Whakatāne, Rotorua, Western Bay and rural areas. Patronage numbers on the Bayhopper Tauranga urban bus network continue to rise and the bike racks installed on the front of the buses were used 1,915 times during the quarter, an 18% increase on the previous quarter. Te Puke and Katikati/Ōmokoroa services set new monthly patronage records of 2,851 and 1,952 respectively. We have completed rigorous planning for the implementation of Tauranga school bus services and fare free trial, starting in late January 2020.

**HE KOROWAI MĀTAURANGA**

The He Korowai Mātauranga Plan (the Plan) is being finalised and will be operational within the coming months, however, a number of key actions that support the intentions of the Plan have progressed. This includes the establishment of the Putaiao Matauranga (Mātauranga Māori Scientists) role within the Science Team, the completion of Mātauranga Māori Training for a five staff, a Māori Partnerships, Relationships and Engagement Workshop with Councillors and the provision of financial support for the development of two Iwi Management Plans; Ngāti Awa and Te Arawa Lakes Trust.

**PROJECT UPGRADE: REGIONAL HOUSE MOVE**

In December, Tauranga staff moved from multiple sites across the city into Regional House. This was a major milestone as Council progresses the upgrade of its two offices in Whakatāne and Tauranga. Stage Two of the Whakatāne Office refurbishment is complete with the final stage due to be completed in late 2020, while planning to meet the IL4 building requirements to accommodate the Civil Defence Emergency Management Group in Wallingford House in Tauranga is underway. The sustainable design features being included at these two sites aim to reduce the organisation’s carbon footprint from its building energy use by 50 percent.

Developers are also constructing a new office in Rotorua which Council will lease. The interior design concepts for the tenancy are progressing and the building is expected to be completed early 2020.

**URBAN FORM AND TRANSPORT INITIATIVE**

The Urban Form and Transport Initiative (UFTI) is focussed on developing a strategic and integrated delivery plan for western Bay of Plenty’s future urban form and multi-modal transport system with a 50+ year horizon.

A key milestone was achieved with the delivery of the final Interim Report to the SmartGrowth Leadership Group on 18 December. The Interim Report summarises four options that will best address our urban form and transport challenges in the face of significant growth pressures forecast for the western Bay. The options require technical input before the Final Report is due for release in April 2020.

A copy of the Interim Report, and further information, is available at www.ufti.org.nz

**OTHER HIGHLIGHTS INCLUDE:**

- **661,120 passenger trips** were taken on our buses throughout the region – this is an increase of 9.2% compared to the same quarter last year.
Financial Performance
Ngā whakatutukitanga ahumoni

To achieve our Annual Plan 2019/20 Community Outcomes we need to deliver our work programmes efficiently and effectively.

We regularly monitor, evaluate and forecast our financials and key performance indicators to enable timely, accurate and targeted performance information for key decision making processes.

The following provides an update on our financial performance for the six months ending 31 December 2019.
## STATEMENT OF REVENUE AND EXPENSE BY CLASS – OPERATING AND CAPITAL

The statement provides year to date financials for the six months ending 31 December 2019, and Annual (full year) forecast.

### OPERATING REVENUE

<table>
<thead>
<tr>
<th></th>
<th>YEAR TO DATE $000</th>
<th>FULL YEAR $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>Rates</td>
<td>28,748</td>
<td>28,816</td>
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<tr>
<td>Dividends</td>
<td>32,200</td>
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<tr>
<td>Finance revenue</td>
<td>6,480</td>
<td>6,731</td>
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<tr>
<td>Fees and charges</td>
<td>7,337</td>
<td>7,012</td>
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<tr>
<td>Other revenue</td>
<td>10,585</td>
<td>10,091</td>
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<tr>
<td><strong>Total operating revenue</strong></td>
<td><strong>85,350</strong></td>
<td><strong>84,836</strong></td>
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</table>

### OPERATING EXPENDITURE BY CLASS

<table>
<thead>
<tr>
<th></th>
<th>YEAR TO DATE $000</th>
<th>FULL YEAR $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>Employee expenses</td>
<td>20,154</td>
<td>18,157</td>
</tr>
<tr>
<td>Contractors and consultants</td>
<td>21,894</td>
<td>20,538</td>
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<tr>
<td>Finance Costs</td>
<td>4,987</td>
<td>4,345</td>
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<tr>
<td>Other expenditure</td>
<td>16,248</td>
<td>16,640</td>
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<td><strong>Total operating expenditure</strong></td>
<td><strong>63,283</strong></td>
<td><strong>59,680</strong></td>
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<tr>
<td><strong>Total operating surplus (deficit)</strong></td>
<td><strong>22,067</strong></td>
<td><strong>25,156</strong></td>
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<table>
<thead>
<tr>
<th></th>
<th>YEAR TO DATE $000</th>
<th>FULL YEAR $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>Total capital revenue</td>
<td>3,165</td>
<td>5,952</td>
</tr>
<tr>
<td>Total capital expenditure</td>
<td>26,643</td>
<td>17,811</td>
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</tbody>
</table>
Operating Revenue

The graph shows annual full year budget against actuals (months one to six) and financial forecast (month seven to twelve.)

FULL YEAR FORECAST $ VARIANCE EXPLANATIONS - OPERATING REVENUE

**Rotorua Lakes:** $2,205k lower
Funding from the Ministry for the Environment is lower than budget as a result of forecast lower expenditure for land use change incentives.

**Biosecurity:** $631k higher
Council will receive more funds than budgeted for grants and subsidies as the National Biocontrol Agreements were signed after the annual plan was completed.

**Resource Consents:** $274k higher
Additional application fees as higher consents processed during the period and recovered contractor costs.

**Corporate Property:** $156k higher
There has been a higher than anticipated gain on vehicle disposals.

**Finance and Corporate Planning:** $1,456k lower
External interest revenue is forecast to be $750k below budget due to the Toi Moana Fund which is in its infancy, offset with higher revenue forecasts on investments of capital borrowings.

Lower internal interest income of $630k is driven by slower than budgeted capital expenditure, particularly on the buildings upgrade project (Regional House, Tauranga). This is offset by lower internal interest expense.
Operating Expenditure

The graph shows annual full year budget against actuals (months one to six) and financial forecast (month seven to twelve.)

**FULL YEAR FORECAST $ VARIANCE EXPLANATIONS - OPERATING EXPENDITURE**

**Rotorua Lakes:** $3,810k lower
$3.5m of the $7.0m budget for the land use change incentives has been carried forward to 2020/21. To date documentation is almost complete for six incentives payments, totalling approximately $2.0m.

**Regional Infrastructure Fund:** $750k higher
The forecast overspend of $750k is for the Tauranga Tertiary Campus paid this financial year due to delays in the final sign-off of the project. The first instalment for the SCION Innovation Hub has been made earlier than anticipated. The remaining forecast includes the Scion Innovation Hub ($500k), Rotoiti Sewerage ($2.5m), Awatarariki Fanhead ($2.0m), Ōtāwhiwhi Sewerage ($100k) and Tahatahroa land purchase ($100k).

**Passenger Transport:** $721k lower
The forecast underspend is due to a combination of savings and additional costs across the programme. School children bus user safety programme provided by TCC was enabled using existing resources. Additional cost of equipment hire due to the RITS delay is offset with forecast underspends in non-passenger transport contract costs, consultancy fees, and lower depreciation charges.

**Emergency Management:** $540k lower
There are four staffing vacancies and an underspend is forecast in employee expenses following the fit for purpose review.

**Finance & Corporate Planning:** $774k lower
The forecast underspend is due to lower interest rates on borrowings. This activity includes the organisational efficiency savings, which are being delivered through improvements in areas such as our customer call center, cleaning and communication services.

### TOP 5 VARIANCES

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>FULL YEAR $000</th>
<th>YEAR TO DATE $000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>Rotorua Lakes</td>
<td>14,528</td>
<td>10,718</td>
</tr>
<tr>
<td>Regional Infrastructure Fund</td>
<td>6,770</td>
<td>7,520</td>
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<tr>
<td>Passenger Transport</td>
<td>29,769</td>
<td>29,048</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>29,769</td>
<td>29,048</td>
</tr>
<tr>
<td>Finance &amp; Corporate Planning</td>
<td>2,576</td>
<td>2,036</td>
</tr>
</tbody>
</table>
Capital Expenditure

The graph shows annual full year budget against actuals (months one to six) and financial forecast (month seven to twelve.)

**FULL YEAR FORECAST $ VARIANCE EXPLANATIONS – CAPITAL EXPENDITURE**

**Rivers and Drainage:** $521k lower
The Kaituna catchment flood repairs are progressing well however there are some delays with the stopbank works. Some delays have occurred on Rangitāiki Floodway; the contract has been awarded for Stage 7 and works are continuing on Stage 5. It is expected that this project will deliver on budget at year end. Overall construction work is expected to catch up during the construction season and a minor underspend is forecast.

**Passenger Transport:** $263k higher
The RITS ticketing system is delayed resulting in additional project management costs. Funding has been approved by NZTA to partially offset the additional costs.

**Corporate Property:** $8,419k lower
Staff have now moved from multiple sites across Tauranga into Regional House. The adjusted delivery programme and a change to the plans for Wallingford House has resulted in a forecasted underspend of $7.6m to be carried forward to 2020/21. A further $850k in relation to Whakatāne will be carried forward to 2020/21.

**Rotorua Lakes:** $109k higher
Slightly higher expenditure than planned is forecasted on the Lake Ōkāreka pipeline upgrade.

**Kaituna:** $1,150k lower
The Kaituna River Rediversion Project is forecasting an underspend for 2019/20 as planned works were able to be delivered in 2018/19.
Forecast Funding Sources 2019/20

We regularly monitor, evaluate and forecast our funding sources. We hold a number of reserves where monies are held for specific purposes. The graph below demonstrates what we expect the movement in those reserves to be by year end, as at 31 December 2019.

**RESERVE BALANCE**

<table>
<thead>
<tr>
<th></th>
<th>Opening Balance 1 July 2019</th>
<th>Forecast Movement</th>
<th>Forecast Year End Balance 30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equalisation</td>
<td>6,193</td>
<td>809</td>
<td>7,003</td>
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<tr>
<td>Passenger Transport</td>
<td>730</td>
<td>743</td>
<td>1,473</td>
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<tr>
<td>Rotorua Lakes</td>
<td>95</td>
<td>380</td>
<td>476</td>
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<tr>
<td>Rotorua Lakes Deed Funding</td>
<td>2,040</td>
<td>844</td>
<td>2,884</td>
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<tr>
<td>Rivers &amp; Drainage Works Reserves</td>
<td>2,805</td>
<td>(17)</td>
<td>2,788</td>
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<tr>
<td>Rotorua Air Quality</td>
<td>588</td>
<td>99</td>
<td>687</td>
</tr>
<tr>
<td>CDEM</td>
<td>439</td>
<td>257</td>
<td>696</td>
</tr>
</tbody>
</table>

**Commentary**
The forecast closing balances for Passenger Transport are: Tauranga $1,037k, Rotorua $163k, Western Bay $97k, Whakatāne $177k.
Treasury Performance Update

INVESTMENTS
Our total investment portfolio is $212.5m plus $50 million on-lent to Quayside Holdings Limited (Quayside), with the allocation by cash reserve shown in the graph below. The $45 million Toi Moana Fund was transferred to Quayside on 1 July 2019.

The portfolio has an average yield of 3.12%. The average margin being achieved on the current 90 day bank bill is around 1.23%. Council has on-lent $50 million to Quayside with a margin of 0.2%. This is less than the cost of Quaysides’ previous bank funding and is beneficial to the Group.

Forecast interest revenue is $5.7 million compared to the annual budget $6.5 million.

BORROWINGS
Council has borrowed $191 million from the LGFA, with $50 million on-lent to Quayside. The remaining $141 million has been borrowed to fund capital expenditure, at 31 December 2019, $61 million of this is core debt and $80 million invested in term deposits in line with forecast cash requirements.

Total interest expense to date is $1.6 million, with a forecast year end total of $3.0 million on the $191 million currently borrowed compared to the annual budget of $3.5 million on $161 million borrowing. The average interest rate on borrowing at 31 December 2019 is 1.59%.

CASH FUND BY RESERVES

![Cash Fund by Reserves Graph]

17
### Ratio Analysis

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Policy Limit</th>
<th>Actual to date</th>
<th>Forecast year end</th>
<th>Compliant with Treasury Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of net interest expense of total revenue</td>
<td>&lt;20%</td>
<td>2%</td>
<td>1%</td>
<td>✓</td>
</tr>
<tr>
<td>% of net external debt of total revenue</td>
<td>&lt;250%</td>
<td>-57%</td>
<td>16%</td>
<td>✓</td>
</tr>
<tr>
<td>% of net interest of rates and levies</td>
<td>&lt;30%</td>
<td>5%</td>
<td>-3%</td>
<td>✓</td>
</tr>
<tr>
<td>% of available financial accommodation of external debt</td>
<td>&gt;110%</td>
<td>228%</td>
<td>178%</td>
<td>✓</td>
</tr>
</tbody>
</table>
Our work is carried out across 33 activities which are organised 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.

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 set through our Long Term Plan 2018-2028 that indicate how well we are delivering our services to the community.
HIGHLIGHTS

During the quarter, there has been a continuation of the positive trend from the beginning of the year, with the majority of measures on track. Council will continue its efforts to monitor and deliver progress in the coming quarters. Highlights include:

• The number of visitors to our regional parks has increased by 8.4% compared to the same period in 2018/19.

• The percentage of Council meeting minutes published within the stipulated time frame is now on track (97%). The forecast is to achieve the full year target (95%).

• Since the last quarter, the percentage of customers satisfied with responses to complaints about RMA non-compliance, rose from 81% to 89% this quarter. This is well ahead of the annual target of 80%.

PERFORMANCE SUMMARY - QUARTER TWO

During 2019/20, Council is due to monitor and report on 33 performance measures. At the end of quarter one (July – September 2019), the graph to the right shows that;

23 measures are on track. (70%)

1 measure is not on track, but is forecasted to be achieved by the end of the year. (3%)

8 measures are reported on annually or are not due for reporting yet and results will be reported on when data is available. (24%)

1 measure has no data available due to changes to the activity (Regional Economic Development) that it measures. (3%)

Further details regarding all of the measures is provided on the following pages.
<table>
<thead>
<tr>
<th>Group of Activities</th>
<th>Performance Measure</th>
<th>Full Year 2018/19</th>
<th>Target 2019/20</th>
<th>Quarter 2 2019/20</th>
<th>End of year forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrated Catchment Management</strong></td>
<td>Number of new Priority Biodiversity Sites actively managed</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Monitored river and stream sites that meet the 'Swimmability' requirements (%)</td>
<td>75%</td>
<td>75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Rotorua Lakes that have reached their Trophic Level Index (TLI)</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Flood Protection and Control</strong></td>
<td>Maintenance, repairs and renewals completed in accordance with the R&amp;D Asset Management Plan (%)</td>
<td>91%</td>
<td>90%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Flood warnings that are given in accordance with the flood warning manual (%)</td>
<td>100%</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resource Regulation and Monitoring</strong></td>
<td>Regional Pest Management Plan is maintained, plans for new pest incursions developed and annual reports prepared</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Replacement of non-compliant burners in Rotorua Airshed attributed to the Rotorua Air Quality programme</td>
<td>145</td>
<td>200</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consent applications issued discounts due to Council exceeding statutory processing timeframes (lower is better)</td>
<td>3.7%</td>
<td>5%</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customers who are satisfied overall with the service provided during the consents process (%)</td>
<td>77%</td>
<td>80%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Urgent complaints made to the pollution hotline that are responded to within 12 hours (%)</td>
<td>100%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customers satisfied with response to substantiated complaints about RMA non-compliance (%)</td>
<td>94%</td>
<td>80%</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Monitoring inspections that occur as per the frequency specified by the RMA and BA Charges Policy (%)</td>
<td>77%</td>
<td>85%</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Navigation aids rated as ‘good’ quality or higher (%)</td>
<td>100%</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oil spills in Tauranga are responded to within 30 minutes and all others are responded to within two hours (%)</td>
<td>100%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>Number of passenger transport trips taken in the region</td>
<td>2,712,930</td>
<td>2,877,000</td>
<td>1,378,028</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Zealand Transport Authority Audit recommendations implemented</td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Planning and policy reports that are rated satisfactory or higher (%)</td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regional Development</strong></td>
<td>Number of visitors to our Regional Parks</td>
<td>106,383</td>
<td>105,000</td>
<td>55,705</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry stakeholders who are satisfied with Bay of Connections (Biennial) (%)</td>
<td></td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sector strategies are reviewed and updated every three years</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regional Planning and Engagement</strong></td>
<td>Completed Environmental Enhancement Fund projects that have achieved their goals (%)</td>
<td>100%</td>
<td>80%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Council and Committee meeting agendas that are available at least two working days before scheduled meetings (%)</td>
<td>100%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Draft Council and Committee meeting minutes that are published within 10 working days (%)</td>
<td>97%</td>
<td>95%</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regional Planning - Planning and policy reports that are rated satisfactory or higher (%)</td>
<td>100%</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Level of satisfaction of Komiti Māori that the information provided meets their terms of reference</td>
<td>100%</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kaupapa Māori that are raised at Komiti Māori are actioned, resolved &amp; reported (%)</td>
<td>100%</td>
<td>80%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Geothermal - Planning and policy reports that are rated satisfactory or higher (%)</td>
<td>100%</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Emergency Management</strong></td>
<td>Roles that have been identified and staffed for 24 hour operation of the Emergency Coordination Centre (%)</td>
<td>89%</td>
<td>85%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff identified for roles in the Emergency Coordination Centre that are trained to an appropriate level (%)</td>
<td>64%</td>
<td>85%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of Council delivered initiatives to promote community resilience and safety</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Technical Services</strong></td>
<td>Availability of real-time deliverable environmental data through website (%)</td>
<td>98%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of environmental indicators with online scorecards</td>
<td>7</td>
<td>9</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate Services</strong></td>
<td>Reduction of carbon emissions from building energy use at the Tauranga and Whakatāne sites</td>
<td>NOT ACHIEVED</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Please refer to the Long Term Plan 2018-2028 for the full title and definition of the performance measures listed in the table above.*
PERFORMANCE COMMENTARY

The exception based reporting below provides commentary regarding measures that are currently not on track, or forecasted to be ‘at risk’ of not being achieved. Council monitors the measures throughout the year to enable proactive action to improve performance.

<table>
<thead>
<tr>
<th>Group of Activity</th>
<th>Performance Measure</th>
<th>Year to Date Result</th>
<th>Target</th>
<th>End of Year Forecast</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Development</td>
<td>Sector strategies are reviewed and updated every three years</td>
<td>Data not available</td>
<td>1</td>
<td></td>
<td>Following a review of the Bay of Connections in the previous financial year, a new regional economic development framework has been developed and is in the process of being implemented – Bay of Connections 2.0. The new framework moves away from a sector strategy approach, therefore, the measure will not be reported on going forward. It is anticipated new measures will be introduced for 2020/21. The target was achieved in 2018/19.</td>
</tr>
<tr>
<td>Emergency Management</td>
<td>Staff identified for roles in the Emergency Coordination Centre that are trained to an appropriate level (%)</td>
<td>67%</td>
<td>85%</td>
<td></td>
<td>A programme is in place to offer training to all Emergency Coordination Centre staff. Significant improvements have been made with the level of trained staff increasing from 18% at the start of 2018/19 to the current level of 67%. Council will continue to focus on building the percentage of staff trained to an appropriate level and to meet the target in 2019/20. The target was not achieved in 2018/19 with 64% of staff trained.</td>
</tr>
</tbody>
</table>

● Achieved  ● Not on track  ● Data due later in the year  ● Not applicable
Health and safety
Te Hauora me Te Haumaru

Elected Members, as “Officers” under the Health and Safety at Work Act 2015 (the Act) are responsible for ensuring that Council complies with the statutory requirements of the Act and its associated regulations. Officers meet this requirement by satisfying themselves that due diligence elements are being met. This report is provided to help inform Elected Members in fulfilling that duty.

Current and Future work

TRAINING
Training continues to be a focus within Council and a wide range of course options were provided to staff during the quarter. Topics included Drug and Alcohol Awareness, Personal Safety and Security, Trailer Operations, and Dog Awareness.

SUMMER STUDENTS
During November, more than 40 summer students were trained in multiple aspects of Health & Safety including First Aid, Water Safety and 4WD Training.

Notifiable Events
There were no notifiable events during the quarter.
Commentary: The July spike was due to hazard to risk training being conducted for staff internally along with the external courses offered (e.g., first aid, dog awareness, trailer training etc).
People and culture
Pūmanawa Tangata

Our people work to deliver the services, infrastructure and functions for our communities as agreed through the Long Term Plan 2018-2028

Strategy and Key Projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Current and Future work</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEOPLE PLAN (TOI TANGATA)</td>
<td>Work is progressing on a People Plan to ensure our people can deliver great outcomes for our community. Key focus areas include Leadership, the Employee Experience, Te Ao Māori and being future ready. The People Plan will be shared with the wider organisation in early 2020.</td>
</tr>
<tr>
<td>COLLECTIVE BARGAINING</td>
<td>Collective bargaining between the two representative unions and the employer commenced on 13 November 2018, and is progressing.</td>
</tr>
</tbody>
</table>
People and Turnover Key Performance Indicators

HIGHLIGHTS
• Employee levels as at 31 December 2019 comprised of a headcount of 419 which equated to 397.18 FTE, against a budget of 434.5 FTE.
• The total headcount includes permanent and fixed term employees. The permanent FTE numbers decreased marginally from 397.92 to 397.18 over the quarter.
• Rolling turnover percentage increased during the quarter from 10.04% to 10.46%.

Several key metrics are presented below.

HEADCOUNT BY GENDER
as at 31 December 2019

<table>
<thead>
<tr>
<th>Gender</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>240</td>
</tr>
<tr>
<td>Male</td>
<td>179</td>
</tr>
</tbody>
</table>

During the last 12 months the female headcount has increased by 1.25%.

HEADCOUNT BY LOCATION
as at 31 Dec 2019

<table>
<thead>
<tr>
<th>Location</th>
<th>Headcount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whakatāne</td>
<td>150</td>
</tr>
<tr>
<td>Rotorua</td>
<td>46</td>
</tr>
<tr>
<td>Ōpōtiki</td>
<td>3</td>
</tr>
<tr>
<td>Edgecumbe</td>
<td>13</td>
</tr>
<tr>
<td>Tauranga Regional House</td>
<td>211</td>
</tr>
</tbody>
</table>

PERMANENT & FIXED TERM FULL TIME EMPLOYEES,
last two years

ROLLING STAFF TURNOVER, last two years