

Regional Council

NOTICE IS GIVEN

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

Thursday, 29 March 2018 commencing at 9.30 am

Mary-Anne Macleod
Chief Executive
22 March 2018



Regional Council

Terms of Reference

Purpose

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

Membership

All councillors are members of the Regional Council.

Quorum

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

Meeting frequency

Six-weekly.

Role of Council

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

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

Delegations from Council to Committees

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

It is accepted in making these delegations that:

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

Powers that cannot be delegated

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

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

Public Forum

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

Membership

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

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

Agenda

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

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

- 1 Apologies**
- 2 Public Forum**
- 3 Acceptance of Late Items**
- 4 General Business**
- 5 Confidential Business to be transferred into open**
- 6 Declarations of Conflicts of Interests**
- 7 Previous Minutes**
 - 7.1 Regional Council Draft Minutes - 15 February 2018** 15
- 8 Statutory Committee Minutes**
 - 8.1 Regional Transport Committee Draft Minutes - 2 February 2018** 35
 - 8.2 Rotorua Te Arawa Lakes Strategy Group Draft Minutes - 9 March 2018 (to follow under separate cover)**

8.3	Te Maru o Kaituna River Authority Draft Minutes - 6 March 2018	43
9	Chairman's Report	
9.1	Chairman's Report	51
10	Chief Executive's Reports	
10.1	Draft Regional Targets for Swimmable Rivers and Lakes	59
	APPENDIX 1 - List of river and lake names identified within MFE maps for BOP	69
10.2	April 2017 - Flood Recovery Project	75
10.3	College Rd Stopbank Realignment - Update	87
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10.4	Council Performance Monitoring Report 2017/18 - July to February (to follow under separate cover)	
10.5	Local Government Funding Agency (LGFA) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18	95
	APPENDIX 1 - LGFA Half Year Report - 2017/18	99
	APPENDIX 2 - LGFA Letter to shareholders to accompany 2018-19 Draft SOI	139
	APPENDIX 3 - 2018-19 LGFA Draft Statement of Intent	143
10.6	Bay of Plenty Local Authority Shared Services (BOPLASS) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18	159
	APPENDIX 1 - Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Half Yearly Report to Shareholders - Period ended 31 December 2017 - Cover Letter	163
	APPENDIX 2 - Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Half Yearly Report to Shareholders - Period ended 31 December 2017	167
	APPENDIX 3 - Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Statement of Intent 2018-2021 - Cover Letter	181
	APPENDIX 4 - Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Statement of Intent 2018 - 2021 - DRAFT	185
10.7	Indicative Council Consultation and Engagement 2018-2019 Calendar	203
	APPENDIX 1 - Indicative Consultation and Engagement 2018-2019 Calendar	207
10.8	Decisions of the SmartGrowth Leadership Group on the Proposed Tauranga-Western Bay of Plenty Transport Centre (to follow under separate cover)	

Resolution to exclude the public

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

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

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
11.1 Public Excluded Regional Council Draft Minutes - 15 February 2018	Please refer to the relevant clause in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).
11.2 Confidential Appendix 2 - Investment Performance Report 2017-18 Months 1-8 (July - February)	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a).
11.3 Confidential Appendix 3 - Investment Fund Valuation Report February 2018	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a).
11.4 Regional Infrastructure Activity Update	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a).
11.5 Quayside Holdings Limited Half Yearly Report 2017/18 and Draft Statement of Intent 2018/19	To prevent improper gain or advantage	Good reason for withholding exists under Section 48(1)(a).
11.6 Insurance Market Update	To protect a trade secret	Good reason for withholding exists under Section 48(1)(a).
11.7 Kaituna River Re-diversion and Te Awa o Ngatoroirangi / Maketu Estuary Enhancement Project - Decision on how to proceed with main construction works contract	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a).
11.8 Award of Western Bay of Plenty Bus Services Contracts	To carry out commercial and industrial negotiations	Good reason for withholding exists under Section 48(1)(a).
11.9 Regional Property Update	To protect the commercial position of an individual	Good reason for withholding exists under Section 48(1)(a).

11.1 Public Excluded Regional Council Draft Minutes - 15 February 2018	213
11.2 Confidential Appendix 2 - Investment Performance Report 2017-18 Months 1-8 (July - February)	221
11.3 Confidential Appendix 3 - Investment Fund Valuation Report February 2018	225
11.4 Regional Infrastructure Activity Update	231
APPENDIX 1 - Ongare Point Wastewater Business Case	237
11.5 Quayside Holdings Limited Half Yearly Report 2017/18 and Draft Statement of Intent 2018/19	249
APPENDIX 1 - 2018-03-05 Quayside Holdings Limited and Subsidiary Companies - Half Year Report for December 2017	253
APPENDIX 2 - Letter to BOPRC - Draft SOI 30 June 2019	273
APPENDIX 3 - Draft SOI - June 2019	277
11.6 Insurance Market Update	293
11.7 Kaituna River Re-diversion and Te Awa o Ngatoroirangi / Maketu Estuary Enhancement Project - Decision on how to proceed with main construction works contract	295
11.8 Award of Western Bay of Plenty Bus Services Contracts	301
11.9 Regional Property Update	305
12 Confidential business to be transferred into the open	
13 Readmit the public	
14 Consideration of General Business	
15 Closing Karakia	

Previous Minutes

Minutes of the Regional Council Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Thursday, 15 February 2018 commencing at 9.30 a.m.

Present:

Chairman: D Leeder

Deputy Chairman: J Nees

Councillors: N Bruning, W Clark, S Crosby, D Love, T Marr, L Thurston, P Thompson, A Tahana, K Winters, A von Dadelszen, M McDonald, J Cronin

In Attendance: M Macleod (Chief Executive), M Taylor (General Manager Corporate Performance), F McTavish (General Manager Strategy & Science), C Ingle (General Manager Integrated Catchments), J Graham (General Manager Corporate Solutions), S Omundsen (General Manager Catchment Management), D Hyland (Finance and Corporate Planning Manager), A Dixon (Management Accountant Team Leader), S Hey (Manager, Chief Executive's Office), Y Tatton (Governance Manager), K O'Brien (Strategic Engagement Manager), S Lamb (Natural Resources Policy Manager), I Morton (Strategy & Science Manager), N Newman (Principal Advisor), D Llewellyn (In-House Legal Specialist), L Mason (Integrated Catchments Project Manager), M Le Comte (Organisational Planning Manager), P Sisam (Communications Partner), S Kameta (Committee Advisor)

Attendance in part: B Gardner (Project Manager/Technical Advisor), Fonterra representatives: P Fourie, Dr M Scarsbrook, L Payne (Farm Source Bay of Plenty), Mr B Halford (Director, Audit New Zealand)

Apologies: J Cronin (for lateness), D Leeder (early departure)

1 **Opening Karakia**

Cr L Thurston.

2 **Acknowledgements and Tributes**

Councillors paid tribute to the passing of Tauranga City Councillor Gail McIntosh.

3 **Apologies**

Resolved

That the Regional Council:

- 1 **Accepts the apologies of Councillor J Cronin for lateness and Chairman D Leeder for early departure.**

Leeder/Nees
CARRIED

4 **Acceptance of Late Items and General Business**

Nil.

5 **Confidential Business to be transferred into open**

Nil.

6 **Declaration of conflicts of interest**

No conflicts of interest were declared.

7 **Previous Minutes**

7.1 **Regional Council Minutes - 14 December 2017**

Matter arising

Minute item 10.3: Mash Up Competition 2018 – councillors were advised a level of sponsorship funding had been approved and that messaging around the 15 March 2018 competition was being progressed.

Resolved

That the Regional Council:

- 1 **Confirms the Regional Council Minutes of 14 December 2017 as a true and correct record.**

Leeder/Nees
CARRIED

7.2 **Regional Transport Committee Minutes - 22 November 2017**

Resolved

That the Regional Council:

- 1 **Receives the Regional Transport Committee Minutes of 22 November 2017.**

Crosby/Nees
CARRIED

7.3 **Civil Defence Emergency Management Group Joint Committee Minutes - 4 December 2017**

Resolved

That the Regional Council:

- 1 Receives the Civil Defence Emergency Management Group Joint Committee Minutes of 4 December 2017.

Love/Leeder
CARRIED

7.4 **Te Maru o Kaituna River Authority Minutes - 7 December 2017**

Resolved

That the Regional Council:

- 1 Receives the Te Maru o Kaituna River Authority Minutes of 7 December 2017.

Nees/Tahana
CARRIED

7.5 **Rotorua Te Arawa Lakes Strategy Group Minutes - 8 December 2017**

Resolved

That the Regional Council:

- 1 Receives the Rotorua Te Arawa Lakes Strategy Group Minutes of 8 December 2017.

Leeder/Winters
CARRIED

7.6 **Eastern Bay of Plenty Joint Committee Draft Minutes - 6 December 2017**

Matter arising

Minute Item 2 – in regard to the Eastern Bay of Plenty Spatial Plan referenced on page 62 of the agenda, councillors were informed that the spatial plan had been adopted by all councils and that the Chief Executive would provide further advice regarding the status of implementation.

Resolved

That the Regional Council:

- 1 Receives the Eastern Bay of Plenty Joint Committee Draft Minutes of 6 December 2017.

**Bruning/Clark
CARRIED**

7.7 **SmartGrowth Leadership Group Minutes - 13 December 2017**

Matter arising

The Chief Executive advised a councillor briefing would be scheduled in advance of the 22 February 2018 SmartGrowth Workshop. It was requested that a copy of the NPS for Urban Development Capacity be provided to councillors for their information prior to the briefing and workshop.

Resolved

That the Regional Council:

- 1 Receives the SmartGrowth Leadership Group Minutes of 13 December 2017.**

**Leeder/von Dadelszen
CARRIED**

Order of Business

The Chairman advised that some reordering of items would be required to accommodate the arrival of presenters and the early departure of the Chairman and Chief Executive.

With the leave of Council, the Chairman advised that Item 10.1, Chairman's Report would be deferred until later in the agenda and that Item 11.1 would be received next.

7.8 **Fonterra's "50 Catchments" project**

Refer PowerPoint Presentation Objective ID A2809819.

Fonterra Manager Regional Engagement Philippa Fourie, Programme Manager Water Dr Mike Scarsbrook and Head of Farm Source Bay of Plenty Lisa Payne presented an overview of Fonterra's Water Plan and 50 Catchments Project. Members were advised of Fonterra's commitment to achieving community values for freshwater. An outline was given of Fonterra's water plan, focus areas and timeline, selection criteria, draft sites and deliverables for the 50 Catchments Project for the region, noting that decisions on sites were due in July 2018.

Attendance

Cr Cronin entered at 9.44 am.

The following matters were clarified:

- The recently established Tiaki Sustainable Dairying Programme would provide proactive support to improve on farm practices and sustainability.
- Purchasing of nitrogen off farmers was not within the scope of the project, with focus being made on non-regulatory improvements.

- Finding ways to improve limiting factors for native fish and linkages to water quantity and water quality would be looked at.
- A key area of work for Fonterra's Dairy Action Plan on Climate Change was to measure and reduce greenhouse gases (GHGs) and integrate this with work that was occurring on water quality. While this would be a challenge, research would look at co-benefits for GHGs and overall numbers of animal footprint. It was noted that guidance was needed from Central Government and Regional Councils on where targets should be set.
- Mitigation work was occurring with farmers in the region, with the intention to collaborate with the Regional Council.
- Plans for working on the 50 Catchments project would not exclude other work such as a commitment for farm plans to deliver community values that were identified for the catchment over time.
- As a member of the Land and Water Forum (LAWF), Dr Scarsbrook advised that over the last year, LAWF had given good advice to Central Government, with future directives being sought on allocation issues, sediment attributes, holding the line and making further progress.

Council requested regular updates on the project which was noted and acknowledged.

Resolved

That the Regional Council:

- 1 Receives the report, Fonterra's "50 Catchments" project.**

**Leeder/Winters
CARRIED**

7.9 Adoption of the 'Statement of Proposal: proposed changes to Bay of Plenty Regional Council's Resource Management Act charges' for public consultation

The report sought Council adopt the Statement of Proposal for public consultation. Councillors were satisfied with proposal and accepted the recommendations without further discussion.

Resolved

That the Regional Council:

- 1 Receives the report, Adoption of the 'Statement of Proposal: proposed changes to Bay of Plenty Regional Council's Resource Management Act charges' for public consultation;**
- 2 Approves the proposed charges in relation to resource consents for the purposes of consultation as follows:**
 - a. the change to the general consent application deposit, to be set in three tiers;**

- **Tier 1 - \$775**
 - **Certificate of compliance**
 - **Re-consenting existing unchanged lake structures**
 - **Lapsing period extensions**
 - **Tier 2 - \$1,770**
 - **Onsite effluent discharge (septic tanks)**
 - **Onsite dairy effluent discharge**
 - **Remediation of contaminated land**
 - **Multiples bores (more than three)**
 - **Changes, cancellation or review of consent conditions**
 - **Transfer of consent to another site or another person at another site**
 - **Tier 3 - \$2,700**
 - **All other consent categories**
- b. the move to a single 'bore fee' of \$475 (incl. GST) which will incorporate both consent and compliance staff time;
- c. the fee for transfer of a consent to another person at the same site will increase to \$165 (incl. GST);
- d. the change to the deposit for 'publicly notified applications' to a deposit for 'publicly notified applications which proceed to a hearing'. The level of the deposit remains the same at \$10,000 (incl. GST);
- e. the introduction of a fee of \$5,000 (incl. GST) for 'limited notified application fees which proceed to a hearing';
- f. the deposit for complex plan or policy statement changes or new plan requests is set at \$50,000 (incl. GST);
- g. the introduction of a charge for the 'issue of a notice stating whether an activity is a permitted marginal and temporary activity' on an actual and reasonable basis, with the first hour being free;
- h. the OSET approval inspection fee remains at \$50 (incl. GST);
- i. that "applications to reduce the allocated rate of a surface water take consent or allocated annual volume of groundwater take consent" and "applications for activities listed in regional plans that have zero fee" remain at a zero fee;
- j. the recovery of costs associated with an objection to be charged on an actual and reasonable basis. The Council may ask the hearings commissioner(s) to make a recommendation as to whether these costs should be remitted;
- 3 Approves the following in relation to the proposed base charge for the purposes of consultation:**
- a. the re-naming of the 'base' charge to 'administration' charge;
 - b. a \$5 increase in the administration charge to \$135 (incl. GST);

- c. that the following consent categories are exempt from the annual administration charge:
- i. Long term consents for structures, reclamations or diversions in the Coastal Marine Area, rivers and lakes unless an inspection has been carried out in that year
 - ii. “Consequential” consents such as the discharge permit in an activity that involves a diversion and discharge, or the discharge permit in an activity that involves taking and discharging water (e.g. to heat a pool). To qualify, the “consequential” consent must occur as a natural consequence of the primary activity and have no significant environmental effect compared to the primary consent;
- 4 Approves the following in relation to the proposed compliance monitoring charges for the purposes of consultation:
- a. the changes to compliance monitoring fixed fees as listed in Schedule 1A of the supporting information document (Appendix 2);
 - b. the introduction of additional categories into Schedule 2A – Consents subject to variable compliance monitoring charges for ‘Production land – nutrient management consents’;
 - c. the introduction of actual and reasonable compliance monitoring charges for additional monitoring of water takes in over-allocated catchments;
 - d. the introduction of actual and reasonable charges for additional time spent processing compliance monitoring returns, over and above the fixed fee charged;
- 5 Approves the following in relation to the proposed regional/impact monitoring charges for the purposes of consultation:
- a. the re-naming of the ‘regional/Impact monitoring charges’ to ‘data and science charges’;
 - b. the inclusion of the Data Services activity costs into a revised charging model and the resulting increase in charges;
 - c. the approach to introducing the increased data and science charges to be phased in over two years
 - d. the inclusion of ‘Activities on port land’ into the data and science charges (Schedule 10B);
- 6 Approves the following in relation to low risk onsite wastewater (OSET) exemptions for the purposes of consultation:
- a. the reintroduction of the administration charge, annual compliance monitoring charge and regional/impact monitoring charge for low risk onsite wastewater consents;
- 7 Approves the following in relation to staff time and travel costs for the purposes of consultation:

- a. the revised charges for staff as listed in Schedule A of the supporting information document (Appendix 2) and inclusion of an additional category for a Māori Technical Advisor;
 - b. the introduction of a standard travel time policy, with each site visit attracting a charge of 0.5 hours of staff time plus 50km at the applicable IRD mileage rate;
- 8 Adopts the attached supporting information document for the purposes of consultation on the proposed changes to some of the Resource Management Act charges;
 - 9 Adopts the attached 'Statement of Proposal: proposed changes to Bay of Plenty Regional Council's Resource Management Act charges' (the consultation document) for public consultation using the special consultative procedure under the Local Government Act, to be consulted on concurrently with the LTP;
 - 10 Delegates authority to the Chief Executive to make minor editorial and formatting amendments to the Statement of Proposal and supporting information document if required.

Thompson/Crosby
CARRIED

7.10 Adoption of Consultation Document and supporting documentation for the Long Term Plan 2018-2028 public consultation process

Refer Tabled Document and PowerPoint Presentation Obj ID A2809888.

The report sought Council adopt the Consultation Document and supporting documentation for the Long Term Plan (LTP) 2018-2028 public consultation process. A schedule of changes was tabled for information and a presentation was provided that outlined key building blocks and a budget overview for the draft LTP, key topics and a timeline for consultation through to final adoption.

Attendance

Cr Winters exited at 10:35 am and re-entered at 10.38am

It was clarified that preferred options for consultation topics may change depending on the outcomes from the hearing of submissions.

Additional wording was requested in the Consultation Document to note that forecasted estimates were based on what was known now, which was noted and acknowledged.

Councillors noted their satisfaction and approved the Draft Consultation Document in preparation for the signing of the Audit Opinion.

Audit New Zealand Director Mr Ben Halford was in attendance and issued an unmodified audit opinion for the LTP consultation document and supporting documents. He reported he was satisfied that the consultation document met the requirements and basis for decisions on the LTP and that the underlying information and controlled environment was sound, robust, effective, thorough and complete. He noted he was satisfied with the unbalanced budget, considering this to be financially prudent and said the five points of consultation were well set out and that providing options was good practice.

Mr Halford noted that Bay of Plenty Regional Council was the first council to have completed the draft LTP process, which was a reflection of the level of organisation of Council and staff. Councillors congratulated and commended staff for their work.

It was noted that a correction to the Special Consultative Procedure closing date, under recommendation number 10, should be amended from 19 March 2017 to 19 March 2018.

Resolved

That the Regional Council:

- 1 Receives the report, Adoption of Consultation Document and supporting documentation for the Long Term Plan 2018-2028 public consultation process;**
- 2 Notes that the following draft supporting documents for the draft Long Term Plan 2018-2028 have been subject to an Audit process:**
 - a. Draft Asset Management Plans including:**
 - a. Rivers and Drainage Asset Management Plan 2018-2068**
 - b. Rotorua Te Arawa Lakes Asset Management Plan 2018-2028**
 - c. Maritime Operations Asset Management Plan 2018-2028**
 - d. Regional Parks Asset Management Plan 2018-2028**
 - e. Property Asset Management Plan 2018-2028 (Confidential)**
 - b. Draft Financial Policies including:**
 - a. Revenue and Financing Funding Needs Analysis**
 - b. Treasury Policy (incorporating Investment Policy and Liability Management Policy)**
 - c. Third Party Infrastructure Funding Policy**
 - d. Development Contributions and Financial Contributions Policy**
 - e. Remission and Postponement of Rates Policy**
 - c. Draft Activity Work Plans incorporating levels of service; key performance indicators; draft financial estimates for operating and capital expenditure; and resourcing (full time equivalents) for Years 1-10, for each activity and group of activity.**
 - d. Draft Volume Rua incorporating:**
 - a. Financial Strategy**
 - b. Infrastructure Strategy**
 - c. Prospective Financial Statements**

- d. Accounting Policies
 - e. Council Controlled Organisations
 - f. Funding Impact Statement
 - g. Revenue and Financing Policy
 - h. Rates Funding Impact Statement
 - i. Significant Forecasting Assumptions
 - j. Significant Negative Effects
- 3 Notes that the Consultation Document, and its underlying information of the draft Long Term Plan 2018-2028 budget, contains operating deficits for years one, two three and four.
- 4 Notes that the overall financial position of the Council remains sustainable.
- 5 Agrees that the Consultation Document, and its underlying information of the draft Long Term Plan 2018-2028, contains operating revenue at a lower level than operating expenditure (unbalanced budget) for years one, two, three, and four, and that it is financially prudent to do so.
- 6 Approves the Consultation Document (Draft for Council Approval for Consultation) in preparation for the signing of the Audit Opinion.

Leeder/Thompson
CARRIED

And following the signing of the Audit Opinion by the Audit Director:

- 7 Receives the Audit Report and signed opinion by the Auditor pursuant to s93C(4) of the Local Government Act (2002) to be included in the Consultation Document.
- 8 Agrees the Strategic Framework and Activity Structure, which were adopted at the December 2017 meeting are publically available during the Special Consultative Procedure.
- 9 Adopts the following draft supporting documents for the Long Term Plan 2018-2028 to be publicly available during the Special Consultative Procedure pursuant to section 93C(3)(c) of the Local Government Act (2002):
- a. Draft Asset Management Plans including:
 - a. Rivers and Drainage Asset Management Plan 2018-2068
 - b. Rotorua Te Arawa Lakes Asset Management Plan 2018-2028
 - c. Maritime Operations Assert Management Plan 2018-2028
 - d. Regional Parks Asset Management Plan 2018-2028

- e. **Property Asset Management Plan 2018-2028 (Not publicly available in full, sections available on request)**
 - b. **Draft Financial Policies including:**
 - a. **Revenue and Financing - Funding Needs Analysis**
 - b. **Treasury Policy (incorporating Investment Policy and Liability Management Policy)**
 - c. **Third Party Infrastructure Funding Policy**
 - d. **Development Contributions and Financial Contributions Policy**
 - e. **Remission and Postponement of Rates Policy**
 - c. **Draft Activity Work Plans incorporating levels of service; key performance indicators; draft financial estimates for operating and capital expenditure; and resourcing (full time equivalents) for Years 1-10, for each activity and group of activity.**
 - d. **Draft Volume Rua incorporating:**
 - a. **Financial Strategy**
 - b. **Infrastructure Strategy**
 - c. **Prospective Financial Statements**
 - d. **Accounting Policies**
 - e. **Council Controlled Organisations**
 - f. **Funding Impact Statement**
 - g. **Revenue and Financing Policy**
 - h. **Rates Funding Impact Statement**
 - i. **Significant Forecasting Assumptions**
 - j. **Significant Negative Effects**
- 10 **Adopts the Consultation Document (including Audit Opinion) for the proposed Long Term Plan 2018-2028 Special Consultative Procedure from 19 February 2018 to 19 March 2018 pursuant to section 93 of the Local Government Act (2002).**
- 11 **Notes that consultation on the Long Term Plan 2018-2028 has been designed to comply with the Special Consultative Procedure as defined under s83 and s93A of the Local Government Act (2002)**
- 12 **Delegates authority to the Chief Executive to make any final editorial or post-audit amendments to the Consultation Document and draft supporting documents, if required, prior to commencement of the consultation period on 19 February 2018.**

13 Confirms that the decision has a medium level of significance.

**Nees/Thompson
CARRIED**

Adjournment

The meeting adjourned at 10:51 am and reconvened at 11:11 am.

Order of Business

With the leave of Council, the Chairman advised that Agenda Item 10.1, Chairman's report would be received next on the agenda.

7.11 Chairman's Report

The Chairman updated Council on his activities, upcoming events and items of interest.

Resolved

That the Regional Council:

1 Receives the report, Chairman's Report.

**Leeder/Thurston
CARRIED**

Order of Business

With the leave of Council, the Chairman advised that agenda item 13.3, Chairman's Report: Confidential Appendix 1 and item 13.6, Chief Executive Recruitment, would be taken next on the agenda.

8 Public Excluded Section

Resolution to exclude the public

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

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

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
13.3 Chairman's Report: Confidential Appendix 1	To protect this information so it doesn't damage public interest.	Good reason for withholding exists under Section 48(1)(a).
13.6 Chief Executive Recruitment	To carry out commercial activities	Good reason for withholding exists under Section 48(1)(a).

**Leeder/Thurston
CARRIED**

9 Chief Executive's Reports

9.1 Public Transport Committee Recommendations

The report outlined staff recommendations that were reported to the Public Transport Committee meeting on 9 February 2018. Confirmation was provided at the meeting that the Committee subsequently resolved to recommend them to Council to adopt.

It was clarified that Council would need to consider the inclusion of the projects in the final Long Term Plan.

Resolved

That the Regional Council:

- 1 Receives the report, Public Transport Committee Recommendations.
- 2 In regard to the recommendations relating to the '*Tender Award Process – Western Bay of Plenty Bus Service Tender*':
 - a. approves the Western Bay of Plenty Bus Service proposed tender award process set out in that paper and delegates authority to the Chief Executive to receive the Tender report and award the contract, conditional to the tender specifications being met, and the tendered price being within the 2018 – 2028 Draft Long Term Plan budget; and
 - b. notes that if these conditions are not met, the Tender report and the contract award decision shall be brought to Council (at a time and date to be determined).
- 3 In regard to the recommendations relating to '*Rotorua CCTV*', agrees to implement and fund CCTV on Rotorua Cityride urban buses from the start of the 2018/19 financial year at an estimated cost of approximately \$164,000 with the operational cost to be funded from targeted rates being approximately \$21,300 per year.
- 4 In regard to the recommendations relating to '*Passenger Wi-Fi*', agrees to implement and fund passenger Wi-Fi on Rotorua and eastern Bay bus services (excluding Ruatahuna, Matatā and Pōtaka) from the start of the 2018/19 financial year at a cost of approximately \$69,500 with the operational cost to be funded from targeted rates being approximately \$33,500 per year
- 5 In regard to the recommendations relating to '*Waihi Beach Trial Service*', agrees to make the Waihi Beach trial service permanent and extend it to two days of operation per week from 1 July 2018, at an estimated total cost of \$41,600 per annum.

Thurston/Winters
CARRIED

9.2 Council Performance Monitoring Report 2017/18 July to December 2017

The report provided Council with information to review financial and non-financial performance for all Council activities for the first six months of 2017/18 financial year.

Members received the following clarification:

- The Key Performance Indicator for the Rotorua Lakes' water quality covered a percentage reduction in exports of nitrogen from the Lake Rotorua catchment, noting that Council's work covered a range of lakes in the catchment. The current KPI from the Long Term Plan 2015-2025 was developed using best information that was available at the time. Through the development of the Long Term Plan 2018-2028, the KPI had been improved and would focus on a range of lakes in the catchment to better reflect the target.
- Unavailability of public transport information was due to the timing of consolidated survey information. It was noted that research and monitoring of how people were using transport was important.
- Major engineering project capex was raised as a concern and it was noted that deliverability would be looked at across the region.

Councillors were encouraged to attend detailed briefing sessions that were offered to keep abreast of key trends.

Resolved

That the Regional Council:

- 1 Receives the report, Council Performance Monitoring Report 2017/18 July to December 2017;**
- 2 Notes the financial and non-financial performance monitoring information provided, including variations from the budget.**
- 3 Approves a budget revision in the Rivers and Drainage Activity moving \$3.7 million from the Annual Plan 2017/18 reserve funded operating expenditure budget to the capital expenditure budget for the Flood Recovery Project as work has been reclassified.**

Love/Thompson
CARRIED

Order of Business

With the leave of Council, the Chairman advised that Item 11.7 would be received next on the agenda.

9.3 Health, Safety and People Report

The report updated Council on organisational health, safety and people matters. While some difficulty was raised with reconciling graph data on the people report, the quality of reporting was commended and noted as being assisted by councillor input.

It was clarified that:

- ACC levies were impacted for accidents that resulted in lost time off work.
- Measurements of staff morale were undertaken via formal 2-year engagement surveys. The Chief Executive sensed that staff were refreshed and in good spirits after the summer holidays and were working hard.

Due to timing constraints, members were advised that an accompanying training presentation to the Health and Safety report would be provided later in the meeting.

Resolved

That the Regional Council:

- 1 Receives the Health, Safety and People Report.**

**Leeder/Crosby
CARRIED**

Order of Business

With the leave of Council, the Chairman advised that agenda item 12 would be taken next on the agenda.

10 Acknowledgements & Tributes

On behalf of Council, the Chairman paid tribute to retiring staff member Bruce Gardner, commending his term with Council since 1987 and his outstanding contribution to Council over the past 30 years.

Mr Gardner thanked Council for their acknowledgment. He paid tribute to Council, councillors, senior management and staff and noted his involvement in various facets of Council that had been rewarding.

Order of Business

With the leave of Council, the Chairman advised that agenda item 11.6 would be received next on the agenda.

11 Chief Executive's Reports continued

11.1 Havelock North Drinking Water Inquiry: Stage 2

The report provided a summary of key findings and recommendations of Stage 2 of the Havelock North Drinking Water Inquiry and to highlight potential implications for Council. The report was taken as read and the recommendations accepted without further discussion.

Resolved

That the Regional Council:

- 1 Receives the report, Havelock North Drinking Water Inquiry: Stage 2;**
- 2 Notes the potential for future additional work and expenditure, as a result of the Inquiry recommendations.**

**Leeder/Nees
CARRIED**

Adjournment

The meeting adjourned at 11:57am and reconvened at 1:18pm.

Attendance

Chairman Leeder and the Chief Executive left the meeting during the adjournment. Crs Winters and Bruning were not in attendance at this time.

Deputy Chair Nees assumed the chair for the remainder of the meeting.

Order of Business

With the leave of Council, the Deputy Chairman advised that the Health & Safety Presentation that had been deferred would be received next on the agenda.

11.2 Health, Safety and People Report – Presentation continued

Refer PowerPoint Presentation Objective ID A2810219.

Health & Safety Manager Chris Woods and General Manager Corporate Solutions James Graham gave a presentation regarding a Zespri WorkSafe investigation and relating to the fatality of a contracted worker and Zespri's enforceable undertaking with WorkSafe and subsequent regulatory environment, learnings and considerations to duty of care.

It was clarified that volunteers who worked for care groups would not impose a health and safety duty on Council, as Council were not controlling the work they do.

Members were advised that the next Health & Safety report would include an update and training advice for councillors.

11.3 Public Excluded Section

Resolved

Resolution to exclude the public

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

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

General Subject of Matter to be Considered	Reason for passing this resolution in relation to this matter	Grounds under Section 48(1) LGOIMA 1987 for passing this resolution
3.1 Public Excluded Regional Council Minutes - 14 December 2017	Please refer to the relevant clause in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).
13.2 Public Excluded Civil Defence Emergency Management Group Joint Committee Minutes - 04 December 2017	Please refer to the relevant clause in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).

13.4 Council Performance Monitoring Report - Confidential Appendix 2: Investment Performance Report 2017-18 Months 1-6 (July to December)	To carry out commercial and industrial negotiations.	Good reason for withholding exists under Section 48(1)(a).
13.5 Council Performance Monitoring Report - Confidential Appendix 3: Investment Fund Valuation Report for January 2018	To carry out commercial and industrial negotiations.	Good reason for withholding exists under Section 48(1)(a).
13.7 Update on Treaty Settlements	To protect this information so it doesn't prejudice similar information.	Good reason for withholding exists under Section 48(1)(a).
13.8 Rangitāiki Floodway Stage 4 - Contract Award	To protect the commercial position of an individual.	Good reason for withholding exists under Section 48(1)(a).
13.9 Kaituna River Re-diversion and Te Awa o Ngatoroirangi / Maketū Estuary Enhancement Project Construction Procurement Update	To carry out commercial and industrial negotiations.	Good reason for withholding exists under Section 48(1)(a).

**Nees/Thurston
CARRIED**

Attendance

Crs Winters and Bruning re-joined the meeting during the public excluded part of the meeting at 1:36 pm.

The meeting closed at the conclusion of the public excluded section at 2:44 pm.

Confirmed

Chairman Bay of Plenty Regional Council

Date

Statutory Committee Minutes

Minutes of the Regional Transport Committee Meeting held in Mauao Rooms, Bay of Plenty Regional Council Building, 87 First Avenue, Tauranga on Friday, 2 February 2018 commencing at 9.30 a.m.

Present:

Chairman: S Crosby (Bay of Plenty Regional Council)

Deputy Chairman: J Nees (Bay of Plenty Regional Council)

Appointees: Mayor J Forbes (Ōpōtiki District Council), Mayor A Bonne (Whakatāne District Council), Councillors R Curach (Tauranga City Council), B Julian (Alternate, Kawerau District Council), D Thwaites (Western Bay of Plenty District Council)

In Attendance: J Galbraith (Freight Advisor), Inspector B Crowe (Safety Advisor, NZ Police), Councillors: L Thurston (Alternate, Bay of Plenty Regional Council), T Molloy (Alternate, Tauranga City Council), J Palmer (Alternate, Western Bay of Plenty District Council), N Bruning, K Winters (Bay of Plenty Regional Council), Mayor G Webber (Western Bay of Plenty District Council); F McTavish (General Manager Strategy & Science), G Maloney (Transport Policy Manager), B Healey (Senior Transport Planner), M Haseley (Principal Transport Planner, NZ Transport Agency), J Paterson (Western Bay of Plenty District Council), M Parkes (Tauranga City Council), S Kameta (Committee Advisor)

Apologies: Mayor M Campbell (Kawerau District Council), Mayor S Chadwick (Rotorua Lakes Council), Deputy Mayor D Donaldson (Alternate, Rotorua Lakes Council), P McLean (Regional Director Waikato/BOP, NZ Transport Agency), A Talbot (Alternate, New Zealand Transport Agency), D Kneebone (Port Advisor)

1 Apologies

That the Regional Transport Committee:

- 1 Accepts the apologies from Mayor Campbell, Mayor Chadwick, Deputy Mayor Donaldson, Parekawhia McLean, Alistair Talbot and Dan Kneebone tendered at the meeting.**

**Crosby/Curach
CARRIED**

2 Acceptance of Late Items and General Business

Nil.

3 **Confidential Business to be transferred in open**

Nil.

4 **Declaration of conflicts of interest**

Nil.

5 **Previous Minutes**

5.1 **Regional Transport Committee Minutes - 22 November 2017**

Corrections

- 1) Agenda page 11 – Attendances: delete Mayor Forbes, Mayor Campbell and Cr Julian; Apologies: insert Mayor Campbell; within resolution amend mover's name from 'Molloy' to 'Crosby'.
- 2) Agenda page 12 – minute item 6.1, Update from Committee Members and Advisors: amend fifth bullet to read: "Trial of a one-way system incorporating a cycleway around Pilot Bay and Maunganui Road was being investigated."
- 3) Agenda page 14 – continuation of minute item 6.1, under Councillor Thwaites – Western Bay of Plenty District Council, amend first bullet end of sentence to read: "a cost of \$300,000..."
- 4) Agenda page 14 – within resolution of minute item 6.1: replace mover's name from 'Molloy' to 'Thwaites'.
- 5) Agenda page 16 – grammatical correction within second bullet point, removing the word 'was'.

Resolved

That the Regional Transport Committee:

- 1 **Confirms the Regional Transport Committee minutes of 22 November 2017 as true and correct record, subject to the foregoing corrections.**

**Crosby/Nees
CARRIED**

6 **Reports**

6.1 **Update from Committee Members and Advisors**

Committee members and advisors gave a verbal update on transport matters impacting their areas.

Cr Julian, Kawerau District Council

- Due to flooding at the Kawerau overpass, repair works were occurring along with installation of barriers around abutments;
- Some issues were being experienced with the traffic lights at the intersection of State Highway 34 and Fletcher Avenue;

- Installation of a T-intersection and roundabout on State Highway 34 adjacent to the Pūtauaki Industrial Block was anticipated as part of the Transport Agency maintenance programme.

Cr Thwaites, Western Bay of Plenty District Council

- Issue was raised regarding a fatality along State Highway 2 at Te Puna Quarry Road intersection.

Cr Nees, Bay of Plenty Regional Council

- Questioned whether the number of truck crashes that had occurred along State Highway 2 through to Waihi could be attributed to an HPMV issue. Staff advised this matter could be addressed during the Transport Agency update in the following item.

Mayor Forbes, Ōpōtiki District Council

- Raised attention to the poor condition of the Ōpōtiki Bridge and the negative image it placed on the township. With substantial numbers of visitors travelling through the town over the summer period, the desire was raised for the Transport Agency to look at a more regular maintenance programme.

Cr Crosby, Bay of Plenty Regional Council

- Noted more evidence of changing weather patterns and subsequent future considerations needed to address climate change and water impacts.

Mayor Bonne, Whakatāne District Council

- Noted major congestion experienced at the tear-drop roundabout during the summer period and impacts to the Whakatāne Bridge, due to heavy rainfall and increased river flows and subsequent delay issues getting with contractors, had hindered traffic issues. Long-term development planned on the western side of the Whakatāne River would have a future impact on existing traffic congestion issues.
- Unsealed pavement trial for a special purpose (green) road on State Highway 28 was being pursued and a vision of Tūhoe iwi, with subsequent funding application being submitted to the Transport Agency.

John Galbraith

Nil.

Inspector Crowe

- National road deaths had gained a lot of media attention and involved speed, alcohol and a lack of judgement.
- Three teams operating in the region over the holiday period had caught 55 drink drivers within a two-day period was a disappointing result, but hoped that visibility of the teams would serve as a reminder to drivers.
- Fatalities in December and January had involved vehicles turning and crossing the centreline. NZ Police were meeting with the Transport Agency to discuss what could be done.

- Anecdotal observations of the 110km speed limit along the Tauranga Eastern link for the majority had been well received and complied to.

Cr Curach – Tauranga City Council

- Transport business case and Cycle Action Plan were progressing.
- Analysis and feedback had identified the need to identify a suitable location for the proposed CBD bus interchange and that Willow Street was not ideal.
- Parking capacity and endeavours to accommodate demand and minimise impact on commuters and shoppers was an ongoing issue. A desire for city projects (i.e. e-bikes) to take shape was noted.

Resolved

That the Regional Transport Committee under its delegated authority:

- 1 Receives the report, Update from Committee Members and Advisors.**

**Crosby/Julian
CARRIED**

6.2 New Zealand Transport Agency Update

Transport Agency Principal Transport Planner Mark Haseley gave a verbal update on current Transport Agency matters.

1. Further to Minister Twyford's letter, the Ministry of Transport was leading development on the Government Policy Statement for Land Transport 2018, which was expected in March 2018 to coincide with investment assessment work;
2. Advice on moderating bids for final transport programmes would be advised after the Transport Agency Board meeting in April 2018;
3. Dame Fran Wilde had been appointed as Acting Chair for the Transport Agency Board with subsequent appointments to be advised. A Board visit to the Bay of Plenty was planned for 19-20 April 2018. Staff were talking with regional partners regarding itinerary options for the visit.

Further to queries raised, members were advised:

4. Regarding large truck crashes along State Highway 2 - Omokoroa to Waihi, the Transport Agency had not identified any specific issues relating to HPMV's, but would continue to monitor. It was noted that the number of deaths along State Highway 2 had reduced, with further safety improvements to continue.
5. The maintenance programme for the Ōpōtiki Bridge would be reviewed.
6. Transport Agency organisation structure and staff roles were still being worked through, with further advice and brochures being prepared for stakeholders in due course. Rob Campbell had been appointed as Manager System Management as the local contact for the Bay of Plenty region, primarily for operations and footprint matters and Parekawhia McLean would continue to be involved as the high level Strategic Relationship Manager.

It was requested that a letter be prepared and sent by the Chair on the Committee's behalf to thank outgoing Board Chairman Chris Moller for his tenure, which was supported by the Chair and members.

Resolved

That the Regional Transport Committee under its delegated authority:

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

**Crosby/Bonne
CARRIED**

6.3 Draft Regional Land Transport Plan for Consultation

Refer PowerPoint Presentation (Objective ID A2801594) and Tabled Document 1.

Senior Transport Planner Bron Healey presented a draft Regional Land Transport Plan (RLTP) for approval for public consultation and sought direction on the composition of the RLTP hearings sub-committee. A presentation outlined the Government's direction and timeframes for release of the Government Policy Statement on Land Transport (GPS) in June and a summary of proposed changes made to the draft RLTP. A copy of an email from Ministry of Transport - Manager Investment Helen White was tabled for information (refer Tabled Document 1).

Regarding the two-month delay of the GPS, the need to progress the draft RLTP was raised, noting further opportunity to make changes to it during the consultation process.

Advice was received on various matters and the following points noted:

- Fundamental changes to the scope of the GPS in phase two may require changes made to the Land Transport Management Act.
- The draft RLTP provided a 7-year forecast rather than a 10-year forecast, based on information that NZTA had included in their Transport Information Online database. It was noted that Horizons Regional Council had released a draft RLTP for public consultation with a 7-year forecast.
- Members were advised a Regional Visitor Economy Strategy was to be established and that a submission would come through to the draft RLTP.
- A Bay of Plenty rail feasibility study was being proposed and the Committee voiced their support for a placeholder activity to be provided for this work, rather than leaving a review to the Regional Public Transport Plan.

Members provided the following comment and direction in regard to the draft RLTP:

1. Section 2.3.3 Airports: It was requested that wording be expanded in regard to growth of passenger numbers and proposed plans for extending the Whakatāne Airport runway. Staff advised they would follow-up with Whakatāne District Council staff on this matter.
2. Section 2.3.4 Rail: The Committee agreed to remove the first bullet on page 20, following advice received that re-commissioning of the Tāneatua branch line to improve rail access to Eastern Bay of Plenty forestry areas was redundant and outside forestry requirements.

3. Feasibility investigation to extend the Bay of Plenty rail network through to Taupō was supported, as being in line with increased truck and train volumes.
4. Section 2.4.2: Figure 4: Regional Economic Development Projects (page 24): the inclusion of Otakiri water bottling plant; and developing trends to provide for anything coming through i.e. aquaculture, timber, geothermal related industry, forestry was requested. A mechanism for identifying private sector development that was occurring all the time i.e. future changes in kiwifruit logistics impacting on transport network, was raised for consideration.

Adjournment

The meeting adjourned at 10:47am and reconvened at 11.10 am.

5. Chapter 6: Corridors and Networks:
 - a) Reference to the Kawerau container hub and other potential regional development proposals i.e. Otakiri water bottling, Ōpōtiki sea farms and harbour redevelopment (business case) was requested.
 - b) Population growth was noted as not being linear or translating to transport activity growth and GDP.
6. Chapter 7: Regional Programme:
 - a) Figure 22 (page 76): it was noted that source data for the first three years may not be current and would need to be reviewed;
 - b) Figure 24: Consideration to include an indicative timeline was noted;
 - c) Figure 25: Regional priorities – discussion was raised regarding the order of priorities. It was noted that prioritisation of activities was required by legislation and scored according to the prioritisation process set out in the draft RLTP. The assessment by the Regional Advisory Group would be unlikely to change unless further information was received by the proposing organisation. It was noted that the assessment of W2T Waihi to Omokoroa (Transformed) would be referred back to NZTA to gain a clearer understanding of the primary objective of this activity. Subsequent amendments would be considered through the submission process.
7. It was requested that a KPI for new commercial activities be included. Staff advised a qualitative statement under Chapter 3 would be included.
8. Appendix 1: Figure 34: A request was made to ensure the level of detail included on the SmartGrowth Strategy and the Rotorua Spatial Plan was consistent.
9. Appendix 3: requested the inclusion of the Stock Effluent Treatment Strategy under State Highway improvements.

Discussion followed on the composition of the hearing sub-committee. Members confirmed their availability and non-availability to hear submissions and noted that confirmation would need to be sought from Eastern Bay and Rotorua committee members, following the meeting.

Resolved

That the Regional Transport Committee:

- 1 **Receives the report, Draft Regional Land Transport Plan for Consultation;**
- 2 **Confirms that a review of the Bay of Plenty Regional Land Transport Plan 2015 has been carried out in accordance with section 18CA of the Land Transport Management Act 2003;**
- 3 **Determines that the variation to the Regional Land Transport Plan arising from the review is significant for the purposes of public consultation;**
- 4 **Approves the draft Bay of Plenty Regional Land Transport Plan 2018, including any amendments arising from discussion of the report, for public consultation in accordance with the requirements of the Land Transport Management Act 2003;**
- 5 **Delegates to the Committee Chair the power to make minor amendments to the draft Regional Land Transport Plan prior to its release to the public;**
- 6 **Appoints a sub-committee to undertake hearings and deliberations, comprising Cr Crosby, Cr Nees, Cr Curach with an Eastern Bay and Rotorua Regional Transport Committee representative to be determined.**

**Bonne/Forbes
CARRIED**

Closing remarks

The Chair thanked members for their input and acknowledged Fiona McTavish and staff for their work.

The meeting closed at 12:31 pm.

Minutes of the Te Maru o Kaituna River Authority Meeting held in The Cruise Deck, Club Mount Maunganui Inc, 45 Kawaka Street, Mount Maunganui on Tuesday, 6 March 2018 commencing at 10.30a.m.

Present:

Chairman: D Flavell (Tapuika Iwi Authority Trust).

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

Appointees: K Marsh (Western Bay of Plenty District Council), S Morris (Tauranga City Council), P Thomas (Alternate, Te Pumautanga o Te Arawa), R Pou Poasa (Alternate, Te Komiti Nui o Ngati Whakaue), N Chater (Alternate, Lakes Community Board), Dr B Kihirini (Alternate, Tapuika Iwi Authority), M McDonald (Alternate, Bay of Plenty Regional Council), R Hancock (Te Tahuhu o Tawakeheimoa Trust).

In Attendance: Bay of Plenty Regional Council: N Poutasi (Water Policy Manager), S Omundsen (General Manager – Catchment Management), K O'Brien (Strategic Engagement Manager), P de Monchy (Kaituna Catchments Manager), D Hyland (Finance and Corporate Planning Manager), A Vercoe (Maori Policy Team Leader), D Llewellyn (In-House Legal Counsel), J Watts (Senior Planner (Water policy)), K Pihera-Ridge (Maori Policy Advisor), R Gardiner (Maori Policy Advisor), R Keber (Marketing and Communications Advisor), J Easton (Solicitor), R Garrett (Committee Advisor).

B Law (Law Creative), M Te Amo; J Riini (Rotorua Lakes Council), M Lleyton (Western Bay of Plenty District Council), J Fitter (Bay Conservation Alliance).

Apologies: J Nees, M Horne, N Douglas, T Tapsell, H Paul, T Molloy; R Hancock (lateness).

1 Opening Karakia

Provided by D Flavell.

2 Apologies

Resolved

That the Te Maru o Kaituna River Authority:

- 1 Accepts the apologies tendered from J Nees, M Horne, N Douglas, T Tapsell, H Paul, T Molloy; and R Hancock for lateness.**

**Tahana/Morris
CARRIED**

3 **General Business and Tabled Items**

Nil.

4 **Declaration of Conflicts of Interest**

Nil.

5 **Previous Minutes**

5.1 **Te Maru o Kaituna River Authority minutes - 7 December 2017**

Tabled Document 1: File Note – Te Maru o Kaituna River Authority Membership Imbalance

The Chairman invited Bay of Plenty Regional Council In-House Legal Counsel Donna Llewellyn to address the meeting regarding the imbalance between iwi and local authority membership of the Authority. Ms Llewellyn tabled a file note prepared on this issue and noted:

- Her advice was provided as In-House Legal Counsel to the Bay of Plenty Regional Council and consequently made available to Te Maru o Kaituna River Authority, and did not prevent any member or entity seeking independent advice;
- Ms Llewellyn considered there was no legal justification for the Regional Council to relinquish a seat on the Authority to regain balance between members as there was no statutory requirement for even representation;
- There was no formal correlation between iwi and local authority seats;
- There was a statutory duty on appointing organisations to make appointments as soon as reasonably practicable;
- That the collaborative structure of the Authority and the statutory direction for decision-making to be by consensus should ensure that a vacancy did not unreasonably prejudice other members; and
- Any issues regarding the fundamental framework of the Authority was a matter for central government to address.

Attendance

R Hancock joined the meeting at 10.45 am.

A member expressed concern that Tapuika was being negatively affected and denied full representation on the Authority by another iwi and the inability to reach agreement on appointment to the vacant seat, despite several attempts by Tapuika to address the issue of the vacancy; and that the inequality of representation went to the heart of the Tapuika Settlement. Ms Llewellyn's advice was appreciated but it was noted that each member had the right to challenge the perspective given and to obtain their own legal advice.

Members acknowledged the concerns raised, noted the difficulties associated with the continued vacancy and agreed on the importance of being able to move forward with the Kaituna River Document.

Resolved

That the Te Maru o Kaituna River Authority:

- 1 **Confirms the minutes of the Te Maru o Kaituna River Authority meeting held 7 December 2017.**

Tahana/Morris
CARRIED

6 Reports

6.1 Design work for Te Maru o Kaituna 'brand' and Kaituna River Document

Refer PowerPoint Objective ID: A2828447

Marketing and Communications Advisor Ruth Keber updated members on design work for the Kaituna River Document and the selection process for a design consultant. Ms Keber introduced Mr Brendon Law from Law Creative who provided a brief presentation on the work of the design sub-group, the development and meaning of the Te Maru o Kaituna River Authority logo and the proposed structure, feel and key design features of the River Document.

Members suggested the inclusion of scan technology to provide a voiceover in te reo Māori and English, and a QR code feature or the use of augmented reality for diagrams and pictures; Mr Law thought this could be achieved and would follow up with the design sub-group.

It was noted that the use of photos of people could impact the longevity of the River Document and the design sub-group was giving careful consideration to appropriate inclusion of photos in the Document.

The Chair invited Maika Te Amo to address the members. Mr Te Amo introduced himself, outlined his experience with Te Arawa reo and translation and noted that he was honoured to be approached to assist with te reo in the River Document.

Resolved

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

- 1 **Receives the report, Design work for Te Maru o Kaituna 'brand' and Kaituna River Document.**
- 2 **Approves the establishment of a design working group to progress design work for the Kaituna River Document and the development of a Te Maru o Kaituna logo. The working group members include Hakopa Paul, Chair Dean Flavell, Deputy Chair Councillor Arapeta Tahana, Maria Horne and Councillor Tania Tapsell. Delegates to the Chair of Te Maru o Kaituna the ability to make changes to the design working group membership.**
- 3 **Formally delegates to Te Maru o Kaituna River Authority Expenditure Subcommittee, authority to commit expenditure of up to \$25,000 to complete Kaituna River Document design work and develop the Te Maru o Kaituna logo.**

- 4 **Endorses the working group's selection of Law Creative as the design provider who will develop a Te Maru o Kaituna logo and complete design and production (print and online) of the Kaituna River Document.**
- 5 **Endorses the engagement of Maika Te Amo as Te Arawa reo expert providing advice for the development of the final version of the Kaituna River Document.**

**Flavell/Thomas
CARRIED**

6.2 **Financial update and budget**

Committee Advisor Robyn Garrett presented the 2017/18 budget to Te Maru o Kaituna for adoption and updated members on current financial matters. Members noted the statutory requirement for annual reporting to appointing organisations.

Resolved

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

- 1 **Receives the report, Financial update and budget;**
- 2 **Notes the current balance of Te Maru o Kaituna River Authority funds;**
- 3 **Adopts the 2017/18 Te Maru o Kaituna River Authority budget as outlined in the report.**

**McDonald/Hancock
CARRIED**

6.3 **Freshwater Update**

Refer PowerPoint Objective ID: A2823666

Senior Planner (Water Policy) Jo Watts updated members on key national and regional freshwater activity relevant to the Kaituna catchment. Ms Watts summarised the current status of Plan Changes 9 and 10 and Change 3 (Rangitāiki River) to the Regional Policy Statement (RPS) and advised that Plan Change 12 had been delayed as catchment models were calibrated and validated.

Ms Watts clarified that the Rangitāiki River was the first river to be brought under the RPS and that the Kaituna would go through a similar Resource Management Act process once the Kaituna River Document was approved.

A member queried the consultation undertaken for the PC9 process. Water Policy Manager Namouta Poutasi clarified that there had been targeted hui at local and regional level, letters has been sent to all iwi authorities, all iwi and hapu management plans had been reviewed and a report on submissions and issues relevant to Māori had been incorporated into the PC9 Section 32 evaluation report.

Strategic Engagement Manager Kataraina O'Brien clarified the use and inclusion of mātauranga Māori in response to a member's question, and noted that a draft mātauranga Māori framework had been recently endorsed by Regional Council's Komiti Māori. The framework would provide an internal staff guide to how to engage with and respect mātauranga Māori; and would provide guidance to all Council teams not just those working in freshwater. Members appreciated Council's initiative in this

area and emphasised the importance of mātauranga Māori respect and implementation.

Resolved

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

- 1 Receives the report, Freshwater Update;**

**Flavell/Hancock
CARRIED**

6.4 Consultation on the proposed Long Term Plan 2018-2028

Refer PowerPoint Objective ID: A2822567

General Manager, Catchment Management Sarah Omundsen updated members on the development of the Bay of Plenty Regional Council's Long Term Plan 2018-2028 (LTP) and Consultation process. Ms Omundsen advised that submissions on the LTP closed on 19 March. Ms Omundsen outlined Council's vision and the four key outcomes identified in the LTP, provided a budget and expenditure overview, noted projects in the Kaituna catchment of particular interest to members and highlighted key topics for consultation.

A member suggested a change of wording regarding resource management training for tangata whenua and it was noted that members and appointing organisations could make their own submissions on the LTP.

Members discussed the Te Maru o Kaituna River Authority Guidelines on Submissions, and agreed that the Authority make a submission to the LTP supporting the continuation of Kaituna catchment projects and provision of suitable funding for those projects. The Chair would prepare the submission in accordance with the Authority Guidelines regarding circulation to members and final approval.

Councillors Tahana and McDonald did not participate in the discussion regarding an Authority submission to Council's LTP.

Resolved

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

- 1 Receives the report, Consultation on the proposed Long Term Plan 2018-2028;**
- 2 Agrees to make a submission to the proposed Long Term Plan 2018-2028, in accordance with the submission process outlined in the Te Maru o Kaituna River Authority Guidelines on Submissions.**

**Flavell/Thomas
CARRIED**

6.5 Te Maru o Kaituna River Authority - Correspondence received

The report, which provided members with external correspondence received for Te Maru o Kaituna River Authority, was taken as read.

In relation to the Te Tumu Update, a member expressed concern regarding low Māori home ownership rates and access to housing in the Papamoa area, and how this would be addressed in the Te Tumu development. Staff noted the concern and would follow up and report back to the Authority.

In relation to the Ford Rd Pump Station Upgrade update, a member queried eel mortality and whether the upgrade would make the pump station more eel-friendly. Staff clarified that measures to improve eel passage were being investigated and that staff were in contact with Waikato Regional Council regarding their eel passage trials.

Resolved

That Te Maru o Kaituna River Authority:

- 1 Receives the report, Te Maru o Kaituna River Authority - Correspondence received.**

**Thomas/Flavell
CARRIED**

6.6 Verbal Updates from Members

Points raised by members included:

- The Waiari water take was still a matter of concern;
- Concern was expressed regarding desecration of Tapuika kōiwi on Te Tumu lands;
- Support for implementation of mātauranga Māori;
- A request was made for the River Document to be presented to Tapuika and other Authority iwi before being made public. Members agreed that the Chair, Deputy Chair and appropriate staff present to Tapuika and other interested iwi as a courtesy briefing on the River Document before the finalised document becomes public; after the April Authority meeting when the final decisions on the Document are adopted. Members noted that no changes could be made to the Document following the presentation to iwi and that the presentation would be for information only.

The meeting closed at 12.25 pm.

Chairman's Report

Receives Only – No Decisions



Report To: Regional Council
Meeting Date: 29 March 2018
Report From: Douglas Leeder, Council Chairman

Chairman's Report

Executive Summary

Since the preparation of the previous Chairman's Report (for the 15 February 2018 Council meeting) I have attended and participated in a number of meetings and engagements as Chairman on behalf of the Bay of Plenty Regional Council.

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

Recommendations

That the Regional Council:

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

1 Purpose

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

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

2 Meetings and Engagements

Date	Meeting/Engagement	Comment
8 February	2018 Regional Sector Special Interest Group Conveners' Plenary Session – <i>Wellington</i>	Spoke about the role Regional Sector Special Interest Groups play in influencing policy.
	2018 SIG Conveners' Plenary Dinner – <i>Wellington</i>	Attended.

Date	Meeting/Engagement	Comment
9 February	Land and Water Forum Small Group meeting– <i>Wellington</i>	Attended.
12 February	National Council – <i>Tauranga</i>	Participated via teleconference.
	Farewell dinner celebration for Michael Smith – <i>Tauranga</i>	An opportunity to acknowledge Michael's contribution as both director and chair for Quayside Holdings Ltd.
15 February	Regional Sector meeting with Hon Damien O'Connor, followed by Hon David Parker – <i>Wellington</i>	Meeting with the Ministers to discuss their portfolios and how we can work together.
	Regional Sector Dinner – <i>Wellington</i>	Attended.
16 February	Regional Sector Group meeting – <i>Wellington</i>	This is covered in more detail in the following section.
22 February	Chief Executives Advisory Group and SmartGrowth Leadership Group Joint Workshop - <i>Tauranga</i>	Attended.
23 February	2018 Ballance Farm Environment Awards: Bay of Plenty – <i>Mount Maunganui</i>	An event to recognise and celebrate good farm practices which promote sustainable land management. Council support the awards as a regional partner. Councillor Bruning also attended and presented the two Council Environment awards.
26 February	Long Term Plan 2018-2028 Consultation engagement event with stakeholders – <i>Whakatāne</i>	Attended.
1 March	Long Term Plan 2018-2028 Consultation engagement event with stakeholders – <i>Rotorua</i>	Attended with Councillors Thurston and Winters.
5 March	Long Term Plan 2018-2028 Consultation engagement event with stakeholder - <i>Opotiki</i>	Attended with Councillors Clark and Marr.
6 March	Eastern Bay of Plenty Joint Committee site visit - <i>Tauranga</i>	Site visit to the Port of Tauranga to understand its functions and connectivity with the eastern Bay of Plenty and to build relationships with the Port of Tauranga Chief Executive and staff.

Date	Meeting/Engagement	Comment
7 March	Bay of Connections Governance Group meeting - <i>Tauranga</i>	Attended.
8 March	Biodiversity challenge video - <i>Kaituna</i>	Horizons Regional Council filmed a video to discuss the changing landscape of biodiversity in NZ and to discuss five recommendations for change.
	Local Government New Zealand Annual Stakeholder function – <i>Wellington</i>	Attended.
9 March	Land and Water Forum Small Group meeting - <i>Wellington</i>	Attended.
13 March	Long Term Plan 2018-2028 engagement with Western Bay of Plenty District Council- <i>Tauranga</i>	Attended.
14 March	Bay of Plenty Triennial Agreement Meeting - <i>Rotorua</i>	This is covered in more detail in the following section.
	Bay of Plenty Dairy Industry Awards - <i>Whakatane</i>	Attended.
19 March	Western Bay Transport Meeting with the New Zealand Transport Agency and Tauranga City and Western Bay of Plenty District Councils - <i>Tauranga</i>	A workshop to get a better understanding of the alignment between the Regional Land Transport Plan, Tauranga Programme Business Case, Western Bay of Plenty Public Transport Blueprint and how they translate in to proposed investment in Draft Long Term Plans.
20 March	Breakfast meeting with Tauranga City Council and Western Bay of Plenty District Council Mayors - <i>Tauranga</i>	Attended.
	Fresh Water Rescue Forum – <i>Tauranga</i>	Expert presentations and panel discussion.
21 March	SmartGrowth Leadership Group - <i>Tauranga</i>	Attended.
	Meeting with Bridget Vercoe, Senior Regional Emergency Management Advisor with the Ministry of Civil Defence and Emergency Management - <i>Tauranga</i>	Attended with Councillor Love. Discussed the 2017 Local Government New Zealand webinar about the roles and responsibilities of the Civil Defence and Emergency Management Group Joint Committee members and emergency powers.

Date	Meeting/Engagement	Comment
	New Zealand Planning Institute, "Breaking New Ground" Annual Conference - <i>Tauranga</i>	Invited to attend the opening ceremony.

3 Matters of Potential Interest

3.1 Regional Sector Group Meeting

At the first RSG meeting for the year on 16 February 2018, for regional/unitary council Chairs/Mayors and Chief Executives, a variety of topics were discussed with a focus on items covering:

- Local Government New Zealand (LGNZ) Draft 2018-2021 Business Plan, and Strategy – briefing and discussion on feedback from the Regional Sector on the key priorities.
- Local Government New Zealand project updates on:
 - Water 2050 – update on Allocation, Water Quality, Infrastructure, Cost/funding and Governance Framework workstreams and deliverables. The final LGNZ position on water policy is estimated to be released by December 2018; and
 - Climate Change – updated to now reflect the Government's emphasis on climate change action and LGNZ's intention to seek to partner with the Government on its climate change work.
- Biological Heritage National Science Challenge – briefing on the challenge which aims to protect and manage New Zealand's native biodiversity, improve our biosecurity and enhance our ecosystem resilience to global threats and pressures.
- Debrief on the meetings with Ministers Damien O'Connor (Minister of Agriculture, and Biosecurity) and David Parker (Minister for the Environment) which were held the day before. Both meetings provided an opportunity to discuss priorities and areas where the regional sector and government could work together.

The Regional Sector Group also met with the Minister of Civil Defence Hon Kris Faafoi, to discuss the Ministerial Review – Better Responses to Natural Disasters and Other Emergencies in New Zealand.

3.2 Bay of Plenty Triennial Agreement Meeting

The first triennial meeting for the year was held in Rotorua on 14 March 2018. The following were the main topics covered:

- Climate Change – an overview of national initiatives that are being developed or occurring, particularly as part of the Government's 100 days programme. Also, an overview of the local level initiatives with some councils commencing action planning.

Maurice Marquardt, Principal Sustainability Consultant at AECOM New Zealand Limited spoke about the Bay of Plenty 2015/16 Community Carbon Footprint Report findings. The report looks at best practice methods to quantify and

identify carbon emission sources for all Bay of Plenty districts so that local councils and communities start to understand greenhouse gas emission profiles.

- Bay of Connections update - the Growth Strategy and Action Plan are scheduled to be reviewed in 2018.

Andrew Wilson, Action Lead for the Visitor Economy spoke about the Visitor Economy Regional and Sub-Regional strategies. The strategies are mainly focussed on identifying the infrastructure required to support significant growth in the visitor economy and inform local and central government funding decisions.

- Vital Signs 2018 - Margot McCool, Operations Manager at Acorn Foundation presented the Vital Signs Bay of Plenty 2018 findings which looks at the social, cultural, health, environmental and economic wellbeing of the Bay of Plenty and identifies the key priorities according to residents.

A Vital Signs 2018 presentation will be given at the next Regional Direction and Delivery Committee meeting on 4 April 2018.

The draft minutes for the triennial meeting will be circulated as soon as they are available.

Doug Leeder
Chairperson

for Council Chairman

20 March 2018

Chief Executive's Reports



Report To: Regional Council

Meeting Date: 29 March 2018

Report From: Ian Morton, Strategy & Science Manager

Draft Regional Targets for Swimmable Rivers and Lakes

Executive Summary

The National Policy Statement for Freshwater Management (NPS-FM) requires regional councils to prepare draft regional targets to improve the quality of fresh water for primary contact. These targets must contribute to achieving the national target of 80% swimmable rivers and lakes by 2030 and 90% swimmable by 2040. **The draft regional targets must be made publicly available by 31 March 2018**, with final regional targets to be made publicly available by 31 December 2018.

Using a model produced by MFE, within the BOP Region we are currently classified as having 94.5% swimmable rivers (4th order) and 85% swimmable lakes (with a perimeter over 1,500m) which is above the national target of 80% swimmable rivers and lakes by 2030 without modelling any improvement expected to result from our planned interventions. As a result of planned interventions, the MFE model expects swimmability in our rivers to increase to 95.7% (1.2% improvement). We are seeking approval of these draft regional targets – 95.7% for rivers and 85% for lakes swimmable by 2030.

It should be noted there are limitations to the MFE model. These include:

- Swimmability is impacted by *E. coli* and cyanobacteria, however there are other contaminants such as nitrogen / phosphorous and sediment that may have a higher priority for local communities.
- The model used to determine the swimmability of rivers is a national high level model, leveraging actual data. However, where no actual data is available it uses land use to determine the swimmability category.
- Modelling was only for 4th order rivers and above, however, our local communities may want to swim in rivers and streams not included in this analysis.
- Modelling does not include planned interventions for lakes, as this requires complex modelling, so the analysis and draft regional targets do not reflect the work we are progressing to improve our lakes across the BOP region.
- Data used for the model does not take into account seasonal effects that influence when people swim, or whether there is any public access to the rivers and lakes.

- Setting of these regional targets is disconnected from the work we are doing under the NPS-FM, working with communities to set objectives and appropriate limits based on these objectives and identifying any further primary contact sites outside of the fourth order rivers and lakes with perimeters over 1500m to be improved.

In August 2017, at the Freshwater Workshop, staff sought advice from councillors on our proposed approach to setting regional swimmability targets. Councillors gave direction to continue with the levels of service in the existing Long Term Plan. It was recognised that the Sustainable Land Use Incentives (SLUI) programme is a key council initiative to deliver continued improvements to water quality.

There are no funding implications for setting these draft regional targets as the SLUI programme is already budgeted within the LTP2018-2028, under the Integrated Catchment Management activities.

Staff will continue to work with central government and the national swimmability taskforce to identify the next steps for finalising swimmability targets by December 2018, and will bring back to councillors relevant information to seek direction.

Recommendations

That the Regional Council:

- 1 Receives the report, Draft Regional Targets for Swimmable Rivers and Lakes;**
- 2 Sets a draft regional target of 95.7% for rivers and 85% for lakes to be swimmable by 2030 for the Bay of Plenty as being our region's contribution towards the national target of 80% of rivers and lakes swimmable by 2030, and agrees to make this target publicly available by 31 March 2018.**
- 3 Directs staff to continue working with the national working group comprising MFE, LGNZ and other Regional Councils to progress work towards setting Bay of Plenty's final regional targets by 31 December 2018 and seek further direction from Council about next steps.**

1 Purpose

The purpose of this paper is to seek Council's agreement to set draft swimmable targets for the Bay of Plenty region (based on MFE modelling of existing committed works) for rivers and lakes by 2030. As outlined at the 20 February 2018 Regional Direction and Delivery Committee meeting, all regional councils have been working to gain agreement in approach to draft regional targets by the end of March 2018 which collectively contribute to achieving the national targets of 80% of rivers and lakes swimmable by 2030 and 90% by 2040.

As per amendments to the National Policy Statement for Freshwater Management (NPSFM), which were gazetted in August 2017, draft regional targets have to be made publicly available by 31 March 2018.

2 Background

2.1 Nationally

2.1.1 February / March 2017

On 23 February 2017, the Government announced its proposals to amend the National Policy Statement for Freshwater Management (NPSFM) and introduce a national (non-statutory) target for swimmable rivers and lakes (*Clean Water: 90% of lakes and rivers swimmable by 2040*). On 28 February 2017, the then Minister for the Environment asked regional councils to provide the following information about:

- rivers and lakes where interventions are planned or in place which will improve water quality so that it is swimmable;
- rivers and lakes where additional interventions will improve water quality so that they are swimmable more often, the level of improvement those interventions would achieve, and the timeframes to achieve them;
- likely costs of the interventions described above, and the parties on whom those costs would fall.

Through the Regional Sector Group (RSG) it was agreed that a small working party comprising regional councils, MFE and LGNZ be set up to support preparing input for the draft regional swimmability targets and the contribution they make to meeting the national targets.

2.1.2 June / July 2017

In June 2017 templates were provided to each regional council and information was requested on the following:

- Identify any errors with the MFE swimmability maps;
- Swimmability maps are based on data from 1990 – 2013, Identify any changes based on actual monitoring / improvements;
- Identify point source discharges to freshwater and identify improvements planned (including TLA discharges);
- Identify planned urban mitigations to reduce E.coli;
- Identify planned mitigations for reducing E.coli (across the region);
- Provide any information on source tracking of E.coli – if available;
- Provide any information on yields of E.coli from different land uses – if available;
- Provide any information on attenuation of E.coli – if available;
- Provide spatial distribution of farm dairy effluent application.

Throughout June 2017 a BOPRC team (including ICM, Regulation, and Science resources) prepared the input for MFE and this was submitted on 12 July 2017.

2.1.3 August 2017

After considering submissions to the proposals in *Clean Water*, the Government made a suite of amendments to the NPS-FM, which were gazetted in August 2017.

These amendments included setting a national target for water quality improvement in rivers and lakes as follows:

- 80% of specified rivers and lakes are suitable for primary contact (e.g. swimmable) by 2030; and
- 90% of specified rivers and lakes are suitable by 2040; and
- Also, to improve water quality across all categories.

To achieve the national targets, the NPS-FM directs regional councils to set regional targets. Draft regional targets must be made publicly available by 31 March 2018 and final regional targets made publicly available by 31 December 2018.

2.1.4 December 2017

Based on the input from each regional council (as submitted in July 2017), MFE modelled the work committed to across the country (adding the MPI data on what stock exclusion regulations as set out in *Clean Water* but not yet promulgated as national regulation are expected to achieve) to assess how far planned work will get us towards the 2030 national targets. A draft report was produced in December 2017 for final commentary / input from all regional councils.

2.1.5 March 2018

MFE are going to release the 'Regional information for setting draft targets for swimmable lakes and rivers' report on their website by the 31st March. All regional councils are expected to publish their own draft regional targets and refer to the MFE website for the full report, thus satisfying the requirement to publicly release draft regional targets by 31 March 2018, as per the NPS-FM.

2.2 Bay of Plenty Regional Swimmability

Throughout 2017 regular updates on swimmability have been tabled with councillors at RDD as part of the Freshwater Futures update.

At a staff level we have provided relevant Bay of Plenty information (include TLA input) to MFE regarding commitments to water quality mitigation work over the next 10 years. This committed work included investment in infrastructure and was assumed to include the stock exclusion requirements proposed by the Government outlined in *Clean Water* in February 2017, although these have not yet been promulgated as national regulations.

At the RDD workshop on Freshwater on the 29 August 2017 a paper on Swimmability was tabled where staff sought feedback from councillors on the setting of regional swimmability targets. At that time it was noted at the meeting that BOP rivers and lakes were classified as 93% swimmable, based on the MFE modelling.

Staff also highlighted some concerns with the approach to swimmability, highlighting:

- Swimmability is impacted by *E. coli* and cyanobacteria, however there are other contaminants such as Nitrogen / Phosphorous and Sediment that may have a higher priority for local communities.
- The model used to determine the swimmability of rivers is a national high level model, leveraging actual data. However, where no actual data is available it uses land use to determine the swimmability targets.

- Modelling was only for 4th order rivers and above, however, our local communities may want to swim in rivers and streams not included in this analysis.
- Data used for the model does not take into account seasonal effects that influence when people swim, or whether there is any public access to the rivers and lakes.
- Setting of these regional swimmability targets is disconnected from the work we are doing to implement the wider NPS-FM, working with communities to set objectives and appropriate water quality and quantity limits based on these objectives.

Councillors gave direction, due to the high levels of 'current' swimmability within the BOP region that we continue:

1. Progressing our BAU activities under the Sustainable Land Use Incentives (SLUI) scheme, and
2. To progress discussions about swimming with local communities and iwi as part of discussing their values, objectives and setting appropriate water quality / water quantity limits (as part of NPS-FM rollout).

In December 2017, MFE released an update of modelled information. This captured what improvements would be made to BOP rivers by 2030 assuming stock exclusion and the current planned regional councils improvements. This resulted in improved swimmability for BOP rivers of 95.7% as outlined below.

No modelling on lakes was carried out due to the complexity.

A full copy of the draft 'Progress on Swimmability report' was included within the February 2018 RDD pack for information. This report included relevant assumptions, limitations and details around the economic modelling.

3 Communication and Consultation

3.1 Draft Regional Swimmability Targets – 31 March 2018

The ['water quality for swimming map'](#) is already on the MFE website.

The 'Regional information for setting draft targets for swimmable lakes and rivers' report will be released by MFE and placed on their website by the 31 March 2018. The report identifies the work committed to in each region, and gives an indication of the projected improvement in water quality for swimming and the associated costs arising from that committed work. The expected improvement in swimming categories and costs have been calculated both regionally and nationally. The report includes its key assumptions informing the results of the scientific and economic modelling in the body of the report with further detail about the modelling, assumptions and limitations within the Appendices to the MFE report.

It is proposed that each regional council release relevant communications and refer to the report on MFE's website, thus satisfying the requirement in the NPS-FM to publicly release draft regional targets for swimmability by 31 March 2018. Currently MFE are not planning any large communications around the release of this report.

These will remain as draft regional targets and councillors will have the opportunity to revisit them before finalising them in December 2018.

3.2 Final Regional Swimmability Targets – 31 December 2018

It is unclear what the process will be to finalise the targets for each region by December 2018. Staff will work with MFE and the national taskforce to clarify the next steps and bring this back to councillors for direction.

Based on the modelling, across New Zealand we are achieving national swimmability (based on projected improvements) of 78.1%, slightly under the 2030 national target of 80% and well short of the national target of 90% swimmable by 2040.

It is unclear if the current Minister will require additional improvements to be made across New Zealand. Of note:

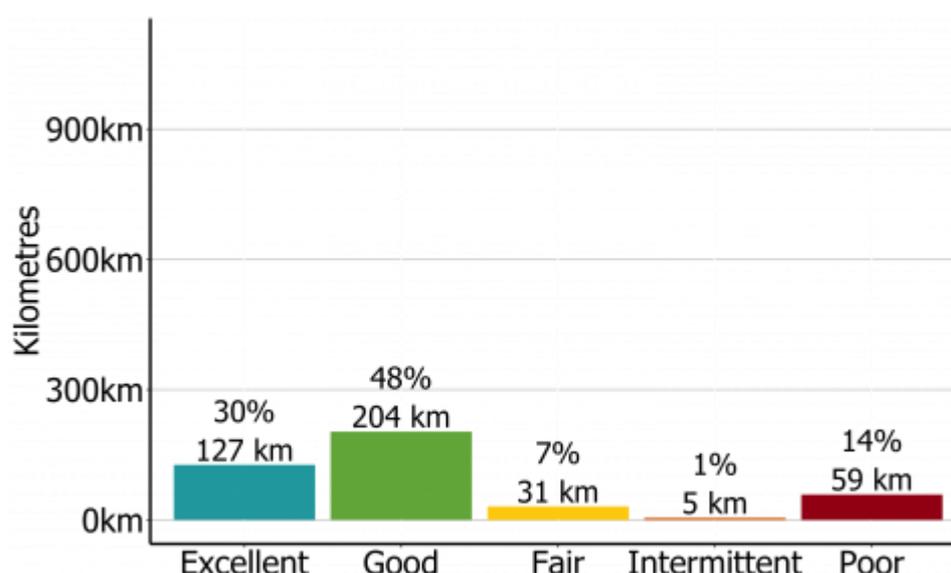
- Current data includes information captured throughout the year, not only in the swimming season.
- Modelling assumes stock exclusion as outlined in the *Clean Water* package across NZ.

4 Bay of Plenty – Draft Swimmability Targets

Within Bay of Plenty, there are 25 lakes (with perimeter over 1,500m) and 158 rivers (4th order) identified within the MFE maps, See Appendix A for a list of river / lake names included.

The graph below shows the percentage of lakes within the Bay of Plenty region currently in each swimming category. 85% are in the swimmable categories eg. excellent, good or fair. The Kilometres axis measures the length of lakes in each category. Lake Rotoehu accounts for the majority of the 'Poor' category (40km), which we have an action plan for. Lake Rotokakahi (Green Lake) accounts for the majority of the 'Fair' category (15km), again an action plan is in place.

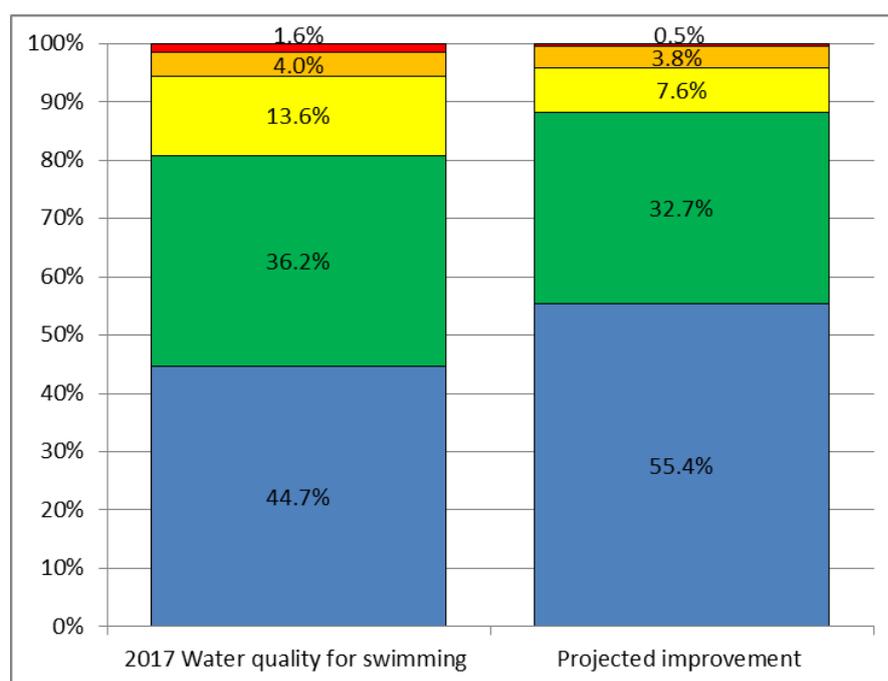
BOP Lakes: Swimmability (As modelled 2017)



For the Bay of Plenty regions specified rivers (4th order and above), MFE have modelled projected improvements based on our existing BAU non-regulatory approaches for fencing and riparian planting under our Sustainable Land Use Incentives (SLUI) programme.

Modelling has projected that our regions river swimmability increases from 94.5% to 95.7% by 2030 - see graph below for detail. It is important to recognise that the percentage of rivers in the 'Excellent' classification has increased by over 10%, and the 'Fair' classification has decreased (or improved) by 6% which shows the value of the investment we are making.

BOP Rivers: Swimmability (as modelled 2017 and projected improvement -2030)



The above modelled improvements do not include:

- Any improvements associated with our local limit setting for each WMA as part of implementing the NPS-FM,
- Industry improvements (from environmental programmes),
- Changes to policy proposed by new government,
- Technology advancements to improve water quality.

Based on the above exclusions, staff believe the projected improvements for BOP region are conservative in nature and at this stage merely show our contribution to meeting the national targets set.

As outlined above, staff have highlighted that the setting of the draft regional targets is disconnected from the work we are doing to implement the wider NPS-FM, working with iwi and communities at a catchment scale to set objectives and appropriate water quality and quantity limits based on these objectives and also identify any additional primary contact sites they recommend council consider should be managed for primary contact.

Policy A5 of the NPSFM requires council to change the regional plan to the extent needed to ensure plans identify specified rivers and lakes, and also any other primary contact sites council decides should be included. It also requires council to state what improvements will be needed, and over what timeframes so they are suitable for primary contact such as swimming) more often or maintained if regional targets have been achieved.

This work will be completed progressively through until 2025 as part of plan changes to implement the NPS-FM which will address Policy A5 of the NPSFM.

5 Financial implications

BOPRC have identified what additional interventions are already planned within our LTP 2018-2028. These include fencing to excluding stock from waterways, riparian planting and advice about good management practice. Funding for this is already included within our LTP 2018-2028 within the Integrated Catchment Management budgets for our Sustainable Land Use Incentives (SLUI) scheme. The SLUI scheme currently assumes that BOPRC will 50:50 fund fencing / riparian improvements.

Although the draft regional targets assume that we continue with this level of investment over the next 10 years, councillors have the option to alter the levels of service around this funding as part of the Long Term Plan process.

Based on the Draft Regional Targets, there is no impact to the LTP 2018-2028 budgets.

6 Implications for Māori

Council continues to engage with iwi and hapū to understand and consider their values and interests in water as part of implementing the NPS-FM, in particular as part of the Water Management Area (WMA) work in the Rangitāiki, Kaituna/Pongakawa/Waitahanui (PC12) planning processes.

It is clear not only from kōrero had about WMA processes, but also from work co-governance groups Te Maru o Kaituna River Authority and Rangitāiki River Forum have undertaken, that iwi and hapū value the swimmability of freshwater rivers and streams highly alongside other important values such as ecosystem health, mahinga kai and use of water for cultural ceremonies.

It is recognised that Māori involvement in the planning and delivery of improved water management is integral to their role as kaitiaki and necessary to achieve requirements of the NPS-FM. Engagement information provided will be used in the consideration of limit setting which appropriately account for Māori interests and values.

7 Council's Accountability Framework

7.1 Community Outcomes

Council's Freshwater Futures work including setting of regional targets for swimmability directly contributes to the 'Water Quality and Water Quantity' Community Outcome in Council's Long Term Plan 2015-2025.

7.2 Long Term Plan Alignment

This work is planned under various activities within the Long Term Plan 2015-2025, including Land and Water Framework, Regional Planning, Kotahitanga/Strategic Engagement, Data Services, Science and communications.

Current Budget Implications

See Section 5 above

Future Budget Implications

See section 5 above

Jo Watts

Senior Planner (Water Policy)

for Strategy & Science Manager

21 March 2018

APPENDIX 1

List of river and lake names identified within MFE maps for BOP

APPENDIX 1: List of River (4th Order) / Lake names identified within the MFE maps for Bay Of Plenty

RIVERS

Name of River	Length (Km)	Name of River	Length (Km)	Name of River	Length (Km)	Name of River	Length (Km)
Aongatete River	7.2	Kotorenui Stream	3.1	Mangawiri Stream	9.7	Opuiaiki River	18.9
Awakaponga Canal	2.9	Kukumoa Creek	1.2	Mangorewa River	31.4	Otamatea River	27.1
Buddles Creek	1.4	Mahakirua Stream	10.9	Mimiha Stream	0.8	Otane Stream	6.2
Dry Creek	8.1	Manaohou Stream	6.7	Motu River	61.4	Otangimoana Stream	12.6
Flaxy Creek	8.8	Manawahiwi Stream	1.9	Ngamuwahine River	5.6	Otapukawa Stream	4.4
Haparapara River	27.8	Mangaharakeke Stream	15.9	Ngaupokotangata Stream	8.2	Otara River	23.5
Haumea Stream	4.5	Mangahinatore Stream	2.4	Ngongotaha Stream	14.8	Owhakatoro Stream	14.4
Haumi Stream	3.9	Mangakakaho Stream	8.3	Ngututuru Stream	0.7	Pakihi Stream	29.2
Hawai River	11.5	Mangakarengorengo River	5.3	Nukuhou River	17.6	Pekepeke Stream	11.5
Herepuru Stream	10.7	Mangakaretu Stream	2.5	Oeuteheuheu Stream	4	Petipeti Stream	2.4
Heretatua Stream	2.6	Mangakirikiri Stream	9.8	Ohane Stream	6.3	Pohueroro Stream	0.7
Hikurangi Stream	1	Mangakotukutuku Stream	1.5	Ohau Channel	1.7	Pokairoa Stream	5.2
Horomanga River	24.4	Mangamate Stream	6.4	Ohau Stream	2.1	Pokopoko Stream	6.2
Kaharoa Stream	4.2	Manganuku Stream	7.4	Ohaua River	3.4	Pongakawa Canal	0.3
Kahoka Stream	7.7	Mangaoira Stream	3.1	Ohora Stream	8.1	Pongakawa Stream	18.9
Kaikokopu Canal	5.3	Mangaone Stream	3.2	Oireakahanui Stream	0.2	Puarenga Stream	5.2
Kaitawa Stream	1.3	Mangapae Stream	4.2	Okahu Stream	8.7	Pukumatai Stream	2.7
Kaituna River	49.1	Mangapapa River	6.9	Okarika Stream	5.2	Pungarehu Stream	1.9
Kanihi Stream	8.6	Mangatiti Stream	10.8	Omanawa River	18.3	Rangitaiki River	179.9
Kaukaumoutiti Stream	6.2	Mangatoatoa Stream	2.1	Onaia Stream	8.1	Raparapahoe Stream	12.4
Kereu River	24.7	Mangatutara Stream	18.9	Opato Stream	13.8	Raukokore River	47.4
Kohuru Stream	1.4	Mangawhio Stream	3.2	Opae Stream	3.2	Ruahihi Canal	0.2

APPENDIX 1: List of River (4th Order) / Lake names identified within the MFE maps for Bay Of Plenty

Name of River	Length (Km)
Ruarepuae Stream	3.2
Ruatahunga Stream	1.4
Ruruanga Stream	9.8
Taipouri Stream	2
Takaputahi River	29.6
Takataka Stream	1.8
Tamurenui Stream	0.7
Tarawera River	57.2
Tataweka Stream	3.9
Taupo Stream	1
Tauranga River	32.4
Tauranga Stream	3.4
Tawawharara Stream	1
Tawhana Stream	2.8
Te Kahika Stream	9.7
Te Kakea Stream	1.1
Te Pato Stream	7
Te Rereatukahia Stream	1.5
Te Tehi Stream	3.6
Te Waiti Stream	9.6
Te Whaiti Stream	3.7
Torere River	15.9

Name of River	Length (Km)
Tuapiro Creek	9.7
Tupapakurua Stream	4
Tureporepo Stream	1.1
Tutaetoko Stream	18.8
Umurua Stream	5.5
Upper Mangamate Stream	1
Upper Okahu Stream	7.8
Uretara Stream	5
Utuhina Stream	8.8
Waiari Stream	23.3
Waiarua Stream	6.1
Waiata Stream	6.7
Waiatiu Stream	5.8
Waiaua River	13.4
Waiaute Stream	9
Waihua Stream	10.2
Waihuahuakakahi Stream	2
Waihui Stream	4.2
Waiiti Stream	18.2
Waikanapiti Stream	2.3
Waikare River	27.8
Waikaruru Stream	1.4

Name of River	Length (Km)
Waikaukau Stream	1.9
Waikowhewhe Stream	7.1
Waimana River	39.9
Waimapu Stream	17.1
Waimeha Stream	5
Waioeaka River	66.9
Waioho Stream	17.7
Waione Stream	2.6
Waiopoahu Stream	5.4
Waiotahi River	34.4
Wairoa River	24.3
Wairoa Stream	2
Wairohia Stream	0.2
Waitahanui Stream	11.3
Waitao Stream	2.8
Waitaruna Stream	4.8
Waitekohe Stream	2.9
Waiteti Stream	4.5
Waiti Stream	3.5
Waiwhakapa Stream	15
Whakatane River	95
Whangaparaoa River	8.8

Name of River	Length (Km)
Wharere Canal	4

LAKES

Name of Lake	Length (Km)
Flaxy Lake	2.2
Lake Aniwhenua	24.2
Lake Matahina	18.4
Lake McLaren	4.7
Lake Okareka	10.5
Lake Okaro	2.2
Lake Okataina	29.1
Lake Otumahi	1.6
Lake Pouarua	4.4
Lake Pupuwharau	2.2
Lake Rerewhakaaitu	22.3
Lake Rotoehu	39.6
Lake Rotoiti	59.9
Lake Rotokakahi (Green Lake)	14.3
Lake Rotokawau	2.8
Lake Rotoma	24.9
Lake Rotomahana	27.1
Lake Rotoroa	3.2
Lake Rotorua	45.9
Lake Tamurenui	2.0
Lake Tarawera	46.7
Lake Tikitapu (Blue Lake)	5.1

Name of Lake	Length (Km)
Matahi Lagoon	1.7
Onewhero Lagoon	1.7
Whakarewarewa Lagoon	2.1



Report To: Regional Council

Meeting Date: 29 March 2018

Report From: Chris Ingle, General Manager, Integrated Catchments

April 2017 - Flood Recovery Project

Executive Summary

The purpose of this report is to update Council on the Flood Recovery Project. The major rivers and drainage schemes of the Bay of Plenty suffered severe damage as a result of ex-tropical Cyclone Debbie and Cyclone Cook in April 2017. This project involves the repair of 520 damaged sites on our rivers and waterways across the region with a repair estimate in excess of \$45 m.

The Flood Recovery Project is progressing well. Systems and resources have been implemented to support the project and physical works are underway on high priority sites across the region. To date, work on 82 sites has been completed. Over half of the work is associated with the Rangitāiki-Tarawera Rivers Scheme, which includes the College Road stopbank realignment. The programme progress is highly dependent on consistent access to resources (materials and contractors).

Many of our community have an interest in the Flood Recovery Project and therefore communication and public engagement remains important.

A project steering group is proposed to provide high level oversight and management of the project and regular reporting to Council and river scheme advisory groups.

The project team are engaged with insurance and Ministry of Civil Defence and Emergency Management (MCDEM) advisors, to ensure the Council can maximise funding contributions to partly offset programme costs. A special policy approach to Central Government will be needed to attract any funding outside of MCDEM criteria.

With flood repairs progressing ahead of the original programme schedule, it is forecast that expenditure by June 30 2018 may exceed the 2017/18 budget. This would be offset by a reduction in the proposed Long Term Plan (LTP) 2018-2028 estimates for the project.

Recommendations

That the Regional Council:

- 1 Receives the report, April 2017 - Flood Recovery Project,**

- 2 Notes that the Flood Recovery Work Programme total estimate of costs through to 2020/21 currently exceeds the existing budget,**
- 3 Approves an approach to Central Government for Special Policy funding support.**

1 Background

In early April 2017, the Eastern Bay of Plenty was hit by ex-Tropical Cyclone Debbie. The cyclone brought with it prolonged torrential rain, resulting in record high river levels and flows across all the rivers and waterways in the region.

On Thursday 6 April 2017, the Rangitāiki River breached the stopbank at College Road, Edgecumbe, causing extensive flooding across the town and the surrounding area. A local state of emergency was declared and the town of Edgecumbe was evacuated. A second adverse weather event, Cyclone Cook, struck the district a week after ex-Cyclone Debbie, bringing with it further rain and strong winds. The two events resulted in significant damage to river and drainage networks and assets across the region, from the Kaituna in the west through to the Waioeka-Otara Catchment in the east. A total of 520 sites have been identified in the repair programme across the region.

2 Project Programme

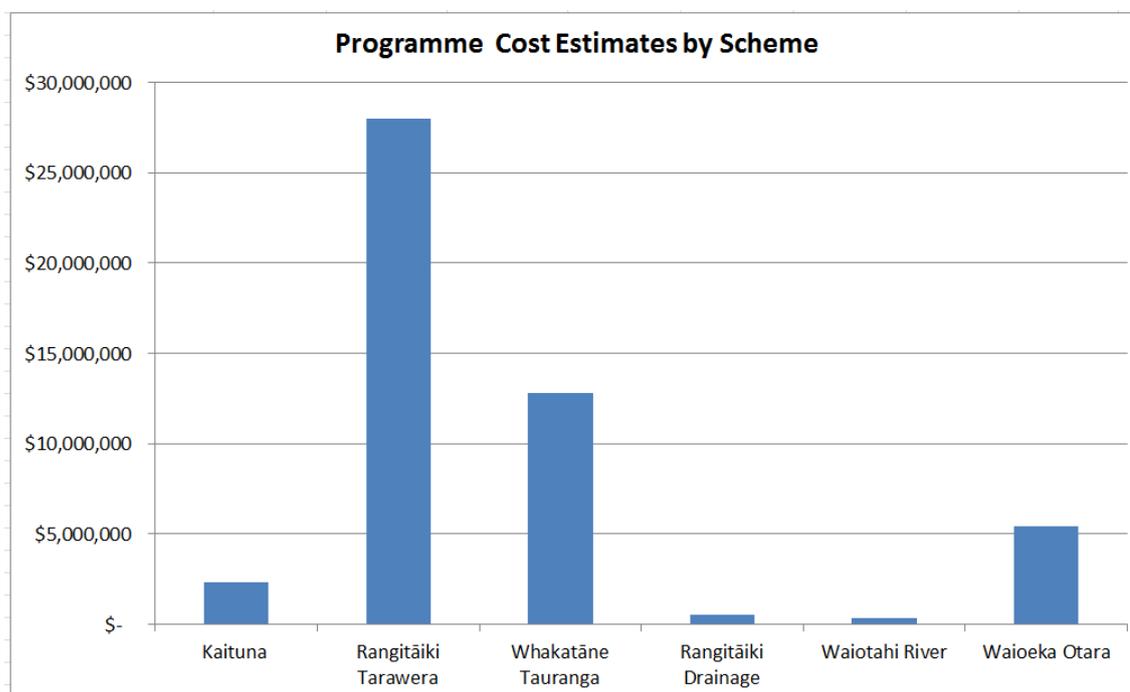
2.1 Programme delivery

Restructuring late 2017 within the Rivers and Drainage Team has enabled the creation of a temporary Flood Recovery Project Team to deliver the Flood Recovery Project. Additional resource has been engaged to provide dedicated support for the project.

The Flood Recovery Project has two aspects, the major project involving the repair works (repair of damaged sites) and the geotechnical work (investigation into sites/assets that may have been damaged in the event or have been highlighted as possible risk). The geotechnical work is discussed separately in this report.

2.2 Flood Recovery Repair Project

The Flood Recovery Repair Project is split across the various river and drainage schemes as follows:



River/Drainage Scheme	Number of identified sites	Estimated cost of work	Number of sites completed (February end)
Kaituna	45	2,300,000	1
Rangitāiki - Tarawera	224	*28,000,000	28
Rangitāiki Drainage	53	530,000	17
Whakatāne - Tauranga	108	12,800,000	21
Waioeka - Otara	59	5,400,000	10
Waiotahi	31	330,000	5
Total	520	\$49,360,000	82

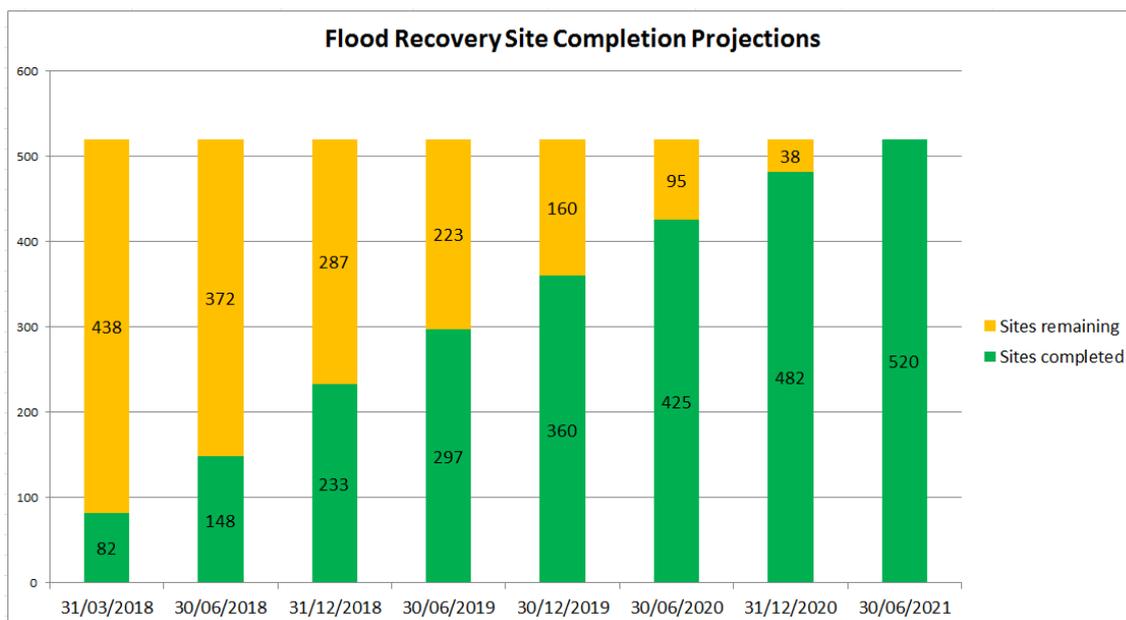
*includes College Road work

The Flood Recovery Project planning has been based on completion within the next 3.5 years i.e. by 30 June 2021. All damaged sites have been prioritised with reference to risk to the community, the consequence of further damage and the practicability of completing the work. Work at present is concentrated on those sites with a high or very high priority. Remaining sites will continue to be monitored and reassessed as to priority as needed.

Work over the next three months to financial year end is focusing in the following areas:

- Rangitāiki Drainage Scheme – complete desilting work to fully restore drainage performance and complete drain bank repairs.

- Completion of high priority works where community assets are damaged or at risk (e.g. stopbanks, roads, bridges, water supplies). It should be noted that the smallish weather events in early January and mid-February have shown how vulnerable some sites still are.
- Initiating works in the Kaituna Scheme which will be managed by Council’s operations staff.
- Completion of site works across the region with a priority of very high.
- Establishing rock stock pile sites and undertaking preparation work that will enable some works to continue in the event of a dry winter.



The work programme is highly dependent on access to resources, materials and contractors. Access to suitably graded rock within an acceptable distance to site is essential for much of the work being undertaken at present. While this has been sustained by procuring rock material from Matawai for the Opotiki works and material from Manawahe for Tarawera and some Rangitaiki works, it has been hindered by the interruption of supply from the Blue Rock Quarry (Whakatane). It is anticipated that Blue Rock Quarry will be back in production early April. The work is procured using Council’s Panel Contract of suppliers for Rivers and Drainage Works. These are pre-approved contractors who have the systems, resources, experience and track record to complete the individual works that make up the project. The availability of panel approved contractors is a key element. There is an abundance of construction works underway and planned in the Bay of Plenty at present and contractors are fully employed, not only with BOPRC works but other key projects of our Local Authorities, New Zealand Transport Agency (NZTA) and various private companies. Contractors are actively recruiting (staff, skilled machine operators, drivers, equipment and subcontractors) from outside the area to meet local demand. Works will comply with existing resource consents and bylaws for the Rivers and Drainage activities. Significant works such as the College Road stopbank realignment require separate consent – such as land use and subdivision.

The most visible repair site is the stopbank realignment at College Road, Edgecumbe. The physical works have now commenced with the construction contract having been awarded to Waiotahi Contractors Limited. The project details are the subject of a separate report in this meeting agenda.

2.3 Flood recovery geotechnical work

The flood event highlighted a number of assets and sites that need to be investigated, to ensure they are providing the level of protection required. This work includes investigation into the strength and stability of various concrete flood walls across Council's river scheme, along with an assessment of several seepage sites. The investigative work being carried out now will likely lead to physical works over the first three years of the Long Term Plan (LTP) for which separate budgeting provision has been made.

2.4 Communications/public engagement

Communications and engaging with individuals and groups with an interest in the work has been a priority. While the community focus for recovery from the April event has primarily been associated with the Edgecumbe community, the riverbank damage across the region has had a much wider and for some people just as significant impact. Staff are regularly meeting with iwi and hapu stakeholders to assist with prioritisation of significant sites and to provide for any specific concerns.

- The project team are reporting regularly to the River Scheme Advisory Groups. These meetings are scheduled at six monthly intervals. Updates are also provided through reporting to the Rangitaiki River Forum.
- The project continues to input into the regular District Recovery Newsletters "Kia Manawanui" along with the intermittent Rural Support Newsletter.
- A number of opportunities have been taken to discuss the project with key stakeholders and interested groups such as Federated Farmers, Rural Support Trust, Ministry of Primary Industries (MPI), Fonterra, Local Authorities, Ngati Awa, Ngai Tuhoe, Waimana Kaaku, various property owners (Trusts) and individual hapū.
- Individual letters have been sent to property owners of adjacent land to identified damaged assets/sites to inform them about the project and when works are likely to occur in their locations.
- The project has been promoted through various media opportunities (local paper, Farmers Weekly publication, local radio station).
- The project has been discussed at a number of LTP consultation events that have been held across the region.
- A communications plan has been prepared to support the project.

2.5 Project Steering Group

The Flood Recovery Project is currently reporting directly to the General Manager Integrated Catchments, through the Manager, Rivers and Drainage Assets. It is suggested that the Project Management reports more formally to a steering group comprising the technical leads of the various activities involved in the project, along with representatives of the Executive Team. The steering group will have the ability to bring other key staff into the group as needed (e.g. finance, communications).

The purpose of the steering group is to:

- Provide integrated oversight, guidance and monitoring of the Flood Recovery Project, plans and funding
- Confirm risks/issues are being adequately managed
- Approve key project decisions
- Ensure business and asset objectives are being adequately addressed

The steering group will comprise the following members:

- Chief Executive, with CFO as alternate
- General Manager Integrated Catchments
- Rivers and Drainage Operations Manager
- Rivers and Drainage Assets Manager
- Engineering Manager

The project will report regularly through the Project Steering Group to full Council. It is suggested that Council is the most appropriate report in this instance due to the project value.

2.6 Health and safety

Projects commissioned to date have been managed and delivered in keeping with Council's standard health and safety policies, processes and contractor requirements. On-site health and safety site audits are standard practice for commissioned works. A recent visit by a KPMG health and safety representative to active sites resulted in positive feedback.

There is currently a scarcity of skilled and experienced plant operators due to the large number of construction projects underway in the Bay of Plenty. The project team supports the contractor viewpoint that this issue will not be allowed to compromise health and safety standards.

3 Risks and mitigations

Risk/issue	Description	Action/management	Owner
Ground conditions	Elevated river levels from time to time will restrict access to undertake works	Monitor river levels and re assess over the (drier) months	BOPRC
Weather	Future weather events will exacerbate damaged sites	Complete site works in priority order as this factors in risk and consequence	BOPRC MCDEM Insurer
Weather	Severe weather event causes new damage	Review works programme against new works project	BOPRC MCDEM Insurer

Risk/issue	Description	Action/management	Owner
Rock material availability	Suitably graded rock supply is restricted to existing operating quarries	Working with new rock sources to supply suitable material for works in Waioeka/Otara (Rakauroa) and Rangitaiki (Manawahe) and Kaituna (Poplar Lane) Include new sources in Council's prequalified suppliers	BOPRC
Resource	Staff resource is limited for oversight of on-site work, and recruitment has been challenging	Consider additional contract resource for site works supervision that cannot be delivered in-house	BOPRC
Programme length	Property owners want works associated with their property undertaken first	Develop and implement a communications plan Direct communication with property owners	BOPRC
Insurance	Claim limits for individual works are not known	Appointed Aon specialist risk accountant to support claim process	BOPRC Aon
Cost	Costs exceed budget	Work closely with MCDEM and insurers; maximise contributions from other stakeholders (TLA's) Monitor contractor and materials cost Follow Council's procurement processes Group works (contractors and materials) to ensure best value to programme Public tender for large works	BOPRC MCDEM Insurer

4 Project recoveries

4.1 Ministry of Civil Defence Emergency Management – response costs

Ministry of Civil Defence and Emergency Management (MCDEM) have accepted a first claim, made up primarily of response costs to 30 June 2017. Eligible costs and the applicable threshold are defined in the guide to the National Civil Defence and Emergency Management Plan 2015. Eligible costs include care for directly affected people, taking necessary precautions or preventative actions to reduce the immediate danger to human life, and taking the necessary precautions or actions to reduce the potential consequences of any emergency. Local authority overhead costs, staff costs, and emergency operations centre costs are not eligible.

Total Agreed claim figure	\$1,333,230.36	To 30 June 2017
BOPRC Threshold	\$1,038,880.00	Net capital value of the region = \$51,944,021,294 Threshold = (\$51,944,021,294 x 0.002%)
Balance of Claim	\$294,350.36	MCDEM contribution above the threshold \$294,350.36 x 60% = \$176,610.22

The recovery team is currently reporting quarterly to MCDEM on project progress. It is anticipated that the balance of immediate response costs along with other costs that did not meet MCDEM criteria, will be claimable through Council's insurance policy.

4.2 Ministry of Civil Defence Emergency Management – infrastructure costs

Essential infrastructure recovery repair may be claimed as an eligible response cost. The guide specifically notes repair or recovery of river management systems is included. Costs are reimbursed at 60% of repair cost ('like to like' asset).

The recovery team have met a number of times with the MCDEM representative assigned to our programme including various site visits. A template has been developed and agreed for each job/site potentially eligible for Central Government contribution. This is the process adopted to approve infrastructure works into the MCDEM eligibility programme. The MCDEM approach is to reimburse 60% of the shortfall between actual like to like cost and insurance contribution. The current estimate of total MCDEM infrastructure recovery is \$9 m-\$10 m.

4.3 Special Policy Central Government

The National Civil Defence and Emergency Management Plan 2015 provides for special policy financial support for local authority programmes of work that as part of the recovery process, decrease the likelihood of the recurrence of an emergency in the future. Special policies require the specific approval of Cabinet. In our situation, the quantum of rivers and drainage recovery work associated with betterment (new assets, or increased level of service or capacity) is significant (approximately \$28 m of the estimated programme cost). The Chief Executive has signalled Council's intention to promote a Special Policy Application through MCDEM. It is noted that Council sought and received some Special Policy support for reinstatement costs as a result of flooding events in 2004.

4.4 Insurance material damage – pump station repairs

Repair work has been completed for three of the eight pump stations damaged in the April events and this information is with the insurance loss adjustor. Claim information is provided as the actual repair work is completed and costs are known. The total claim for this work is expected to be approximately \$250,000.

4.5 Insurance – infrastructure costs

Council's infrastructure assets are insured for physical loss caused by a natural catastrophe event including flood. The Council's insured infrastructure assets are insured by asset group for each scheme. Staff are working with the allocated loss adjustor on completed jobs and sites in progress. This portion of the policy has a deductible sum of \$1.5 m. It should be noted that willow edge protection planting is not an insurable asset.

4.6 Insurance – other costs

Council's policy also has provision for reimbursement of claims preparation costs and increased cost of working. It is envisaged that the additional costs associated with the delivery of the Flood Recovery Project (project management) will be claimable under these sections of the policy.

Council's total eligibility under the various sections of the policy is not yet fully understood. Aon have been engaged to provide professional advice on this and to assist in maximising Council insurance claims.

The current estimate of insurance recovery is \$7 m-\$10 m.

5 Council's Accountability Framework

5.1 Community Outcomes

This project/proposal directly contributes to the Community Outcome, Safe and Resilient Communities through flood protection and is outlined as a key project in the Council's draft Long Term Plan 2018-2028.

5.2 Long Term Plan alignment

This work is delivered under the Rivers and Drainage Activity, Flood Protection and Control in the Long Term Plan 2015-2025 in keeping with the Levels of Service outlined in the 2014/15 Rivers and Drainage Asset Management Plan.

5.3 Flood Repair – repair programme estimate

The flood repair programme estimate is \$49.36 m.

Rivers Scheme	Number of identified sites	Estimated cost of work
Kaituna	45	2,300,000
Rangitāiki - Tarawera	224	28,000,000
Rangitāiki Drainage	53	530,000
Whakatāne - Tauranga	108	12,800,000
Waioeka - Otara	59	5,400,000
Waiotahi	31	330,000
Total	520	\$49,360,000

It should be noted that the original Flood Repair programme had a rough order estimate of \$45 m. This was based on the known sites at the time (480) and did not include any provision for geotechnical strengthening work.

5.4 Programme Estimate Geotechnical Work

A further \$2.1 m has been provided for investigation and renewal work on identified Geotechnical sites.

Rivers Scheme – Geotech Stopbank Renewal Works	2018/19	2019/20	2020/21
Rangitāiki - Tarawera	1,000,000		
Whakatāne - Tauranga	100,000	500,000	
Waioeka - Otara		100,000	500,000
Total	\$1,100,000	\$600,000	\$500,000

5.5 Budget implications

5.5.1 Current budget

This work is being undertaken within the current budget for the Rivers and Drainage Activity 2017/18 Annual Plan.

While the total programme estimate is above the existing three year budget, actual costs will be variable. More detailed inspections are being carried out prior to works being scoped, and for the most part this is resulting in actual costs being below original estimates. This however needs to be balanced against the possibility of some site damage being exacerbated by future weather events causing possible work scope increases.

The preference is for the Project Team to manage the work programme within the existing budget. This would be supported by regular reporting to Council. If additional funding is required in future years of the project (due to either increased cost or funding not realised) this would involve a specific request to Council.

5.5.2 Budget vs Actual and Forecast Expenditure for 2017/18

	YTD 2017/18	Budget 2017/18	Revised budget	Updated year-end forecast
Operational	922,684	4,800,000	1,100,000	1,217,684
Capital	5,115,421	5,200,000	8,900,000	11,230,421
Total	\$6,038,105	\$10,000,000	\$10,000,000	\$12,448,105

The high and very high priority sites are being completed first. These have tended to be high value works such as rock armouring and stopbank protection/repair and the College Road stopbank realignment work.

Council approved a \$3.7 m re-classification of operating budget to capital works budget at the 15 February 2018 meeting

More works have been completed at this stage than was originally envisaged (ahead of original programme thinking at the time budget was set). It is currently forecast that further expenditure over the approved revised budget may occur by 30 June, if the current pace of work continues.

5.5.3 External revenue

The LTP provides for recovery of \$17 m. This figure includes insurance, MCDEM, Local Authorities and other agencies. There is no allowance for betterment (Special Policy) funding as this is a discretionary funding decision by cabinet.

Income Estimates	Budget
Insurance and MCDEM	\$16,000,000
Local Authorities	\$200,000
Other agencies (e.g. EQC)	\$650,000
Total	\$16,850,000

6 Statement of Significance

The decisions of this report have a low level of significance with reference to the Council's Significance and Engagement Policy.

This work is included in the Council's Annual Plan 2017/18 and provided for in the Council's draft Long Term Plan 2018-2028.

7 Conclusion

The Flood Recovery Project is progressing well. Systems and resources have been implemented to support the project. Physical works are underway across the Region. Relationships and discussions with MCDEM are well advanced to support the project. While specific insurance eligibilities are still being confirmed, work has progressed with the loss adjusters. While the total programme estimate currently exceeds the existing budget, additional funding allocation is not suggested at this time. The budget forecast for year end 2017/18 suggests expenditure may possibly end up higher than budget if the ideal weather conditions and rock availability continue. This expenditure would not increase the original Flood Recovery Project estimates as it would be offset by a reduction in the LTP 2018-2028 estimates.

Paula Chapman
Project Manager

for General Manager, Integrated Catchments

21 March 2018

Receives Only – No Decisions



Report To: Regional Council

Meeting Date: 29 March 2018

Report From: Chris Ingle, General Manager, Integrated Catchments

College Rd Stopbank Realignment - Update

Executive Summary

During the 5/6th April 2017 storm event (ex-tropical Cyclone Debbie) the stopbank at College Road, Edgumbe breached. As a consequence, damage was sustained to many houses, 12 of which were “red stickered”, meaning that they were deemed uninhabitable.

A paper was brought to Council in June 2017 seeking funds to rectify the breach. Within the report the proposed repair of the breached stopbank involved “making room for the river”. This means that the present bend in the river was to be accommodated and that any infrastructure was to provide for this alignment. As a consequence, the 12 red stickered properties were proposed to be purchased and all buildings to be removed.

The twelve red stickered properties were purchased by utilising the Public Works Act 1981. Assistance was provided by both in-house legal and a consultant from the Property Group Ltd. While the process took longer than originally anticipated a satisfactory outcome was achieved and the 12 properties now belong to the Council.

The buildings have now been successfully removed or demolished and the site is ready for the stopbank realignment works.

Tenders were sought in late December 2017/early January 2018 and Waiotahi Contractors Ltd tender for \$3,387,847 plus GST was accepted.

Construction activities commenced on site 12 March 2018.

Recommendations

That the Regional Council:

1 Receives the report, College Rd Stopbank Realignment - Update;

1 Background

During the 5/6th April 2017 storm event (ex-tropical Cyclone Debbie) the stopbank at College Road, Edgumbe breached. As a consequence, damage was sustained to

many houses, 12 of which were “red stickered” meaning that they were deemed uninhabitable.

A paper was brought to Council in June 2017 seeking funds to rectify the breach. Within the report the proposed repair of the breached stopbank involved “making room for the river”. This means that the present bend in the river was to be accommodated and that any infrastructure was to provide for this alignment. As a consequence, the 12 red stickered properties were proposed to be purchased and all buildings and structures removed.

The estimated costs for the two components were as follows:

- Property purchase and building removal/demolition \$1,640,000
- College Road Stopbank Realignment \$3,280,000

2 Property Purchase and Building Removal/Demolition

2.1 Property Purchase

The twelve red stickered properties were purchased utilising the Public Works Act 1981. Assistance was provided by both in-house legal and a consultant from the Property Group Ltd. While the process took longer than originally anticipated a satisfactory outcome was achieved and the 12 properties now belong to the Council. Unfortunately the extended process meant that the security arrangements inherited from Whakatane District Council cost considerably more than expected.

2.2 Building Removal/Demolition

The building removal/demolition process turned out to be more complicated than originally envisaged. Agreements made during the property purchase meant certain items needed to be salvaged and provided to the former property owners. The biggest complication was the need to manage the presence of asbestos within and on the outside of the buildings.

Regulations required a registered practitioner to undertake the assessment of the asbestos and recommend the removal method. A registered removal company was required to undertake the removal of the asbestos. This requirement pushed the timeframe for removal/demolition of the buildings out and also increased the cost.

Once the asbestos was safely removed the removal/demolition contract could commence. The accepted tender from Shane Moore Services included allowance to salvage as many of the buildings and building elements as possible. This contrasted with the other tenders received that were for straight building demolition and removal. Shane Moore’s tender was less than half the cost of the other two tenderers.

The buildings and other structures have now been successfully removed or demolished and the site is ready for the stopbank realignment works.

2.3 Costs of Property Purchase and Building Removal/Demolition

The costs of the property purchases were generally in-line with the estimate. The exception being the security costs.

The cost of the building removal/demolition was above the original estimate. This was mainly due to the unexpected expense of dealing with asbestos.

Although the total project has a projected overspend of \$537,300 (refer Appendix 1) it is not yet clear what level of recoveries will be possible through insurance and the Ministry of Civil Defence and Emergency Management.

3 College Road Stopbank Realignment

3.1 Design

Using the Engineering Services Panel Contract, GHD were appointed to undertake the detailed design of the realigned stopbank, roading and services. The design and associated contract documentation was due in early November 2017. Unfortunately GHD were unable to deliver to this tight timeframe. Tender drawings were received just prior to Christmas 2017.

The design incorporated the recommendations contained within the Rangitāiki River Scheme Review (RRSR) report. The design of the stopbank was also peer reviewed by Charlie Price who was the geotechnical expert on Sir Michael Cullen's panel for the RRSR.

3.2 Consultation

During the design phase representatives from the Edgecumbe Community (Technical Liaison Group) were consulted on the options for the stopbank realignment. An options report was produced by GHD and together with the Technical Liaison Group a preferred option was selected. This option was then progressed into the detailed design stage.

3.3 Tender

Two tenders were received for the physical works contract as follows:

- Segar \$2,521,600 plus GST
- Waitohi Contractors Ltd \$3,387,847 plus GST

The two tenders were assessed using a weighted attribute method. Segar's tender was missing the vital methodology information and consequently their evaluation score was affected to the extent that their tender was eliminated.

Consequently Waitohi Contractors Ltd tender was put forward as the recommended tender.

The tender schedule contained several items that were included at the request of Whakatāne District Council. The inclusion of these items pushed the tender price above the estimate of \$ 3.27m. A breakdown of the costs versus estimates are included in Appendix 1.

The decision to proceed with the Waitohi Contractors Ltd tender was brought to Council on 7 March 2018 and was endorsed.

3.4 Construction

A low key karakia was held onsite on 10 March 2018 with representatives from the Edgecumbe Community, Regional Council and Whakatāne District Council were present.

Waiotahi Contractors Ltd were given possession of site on 12 March 2018. At the time of writing this report Waiotahi Contractors Ltd were establishing equipment onsite. A verbal update on construction progress can be provided at the Council meeting.

4 Council's Accountability Framework

4.1 Community Outcomes

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

4.2 Long Term Plan Alignment

This work is planned under the Rivers and Drainage Activity in the Annual Plan 2017/18.

Current Budget Implications

This work is being undertaken within the current budget for the Rivers and Drainage Activity in the Annual Plan 2017/18 or Year 3 of the Long Term Plan 2015-2025. Note the expenditure budget for this project is expected to be exceeded due to unforeseen costs during demolition and the security costs prior to demolition.

Future Budget Implications

Future work on College Rd Stopbank Realignment is outside Council's Long Term Plan 2015-2025.

Mark Townsend
Engineering Manager

for General Manager, Integrated Catchments

20 March 2018

APPENDIX 1

College Rd Stopbank Realignment Costs

College Rd Property Purchases and Building Removal	Approved Budget	Projected Total	Comments
Cost to purchase properties	\$ 1,450,000	\$ 1,884,235	
Estimated solatium costs	\$ 400,000	\$ -	
Recoveries from EQC	-\$ 490,000	-\$ 652,847	
		\$ 41,638	Excess
		\$ 229,145	Security
Miscellaneous costs (legal fees etc)	\$ 80,000	\$ 76,432	Property Group
		\$ 3,000	Surveying
Costs of clearing land (less salvage recoveries)	\$ 200,000	\$ 10,250	GHD Specification
		\$ 1,168	Pest Control
		\$ 225	Portaloo's
		\$ 400,921	Building Removal/Demolition Contract
		\$ 26,990	Asbesto's Assessment
		\$ 136,143	Asbesto's Removal
		\$ 20,000	Miscellaneous
Total	\$ 1,640,000	\$ 2,177,300	
Diff		-\$ 537,300	Projected overspend

Project:	College Rd Stopbank Realignment		Estimate Status:	Feasibility	16-May-17	
File #:	17024		Prepared by:	MCT		Actuals
Item	Description	Unit	Checked by:	Quantity	Rate	Tendered
1	Physical Works					
1.1	Preliminary & General	%			15	\$ 321,423
1.2	Relocate Services					\$ 245,991
1.3	Demolition					\$ 25,875
1.4	Stopbank Construction					\$ 1,516,962
1.5	Roading Construction					\$ 205,375
1.6	Landscaping					\$ 50,000
	Dayworks					\$ 411,534
	Physical Works Costs					\$ 3,432,967
2	Engineering & Project Management	%			15	\$ 121,623
3	Resource Consent	%				\$ 16,000
	Sub total					\$ 3,570,590
4	Contingency	%			30	\$ 54,712
	Total					\$ 3,625,302
					Difference	-\$ 353,491
WDC additional assessed as \$ 353,491						



Receives Only – No Decisions

Report To: Regional Council

Meeting Date: 29 March 2018

Report From: Mat Taylor, General Manager, Corporate Performance

Local Government Funding Agency (LGFA) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18

Executive Summary

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

Half Yearly Report 2017/18

The Half Yearly Report 2017/18 provides the following notable highlights including that the LGFA has issued \$619 of bonds so far in 17/18. The total loans to councils at the end of December 2017 were \$7.2 billion. Also, Standard and Poor's provided a credit rating of AA+ (stable outlook).

The period also reported compliance with all covenants and treasury limits.

Statement of Intent 2018/19

The LGFA's draft Statement of Intent (SOI) 2018/19 has been received following extensive discussions with the Shareholders Council, it covers the information that is required to be provided to all shareholders and presents the LGFA's proposed borrowing and lending expectations on behalf of councils in New Zealand.

Some specific highlights from the SOI show that there are no key changes proposed to objectives in 2018/19, with uncertainty and risk relating to the level of future council borrowing.

There is an expectation that councils will have borrowed \$8 billion from the LGFA at the end of the financial year.

Recommendations

That the Regional Council:

- 1 Receives the report, Local Government Funding Agency (LGFA) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18;**
- 2 Notes the draft Statement of Intent 2018/19 and the continuation of LGFA's performance targets and core mandate set out within it**

1 Background

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

The Bay of Plenty Regional Council currently participates in the Local Government Funding Agency scheme as a principal and 'non-borrowing' shareholder. **This is expected to change with the Regional Council intending to borrow through the LGFA for the first time in 2018/19.**

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

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

The LGFA's draft Statement of Intent 2018/19 has been received following extensive discussions with the Shareholders Council, it covers the information that is required to be provided to all shareholders and presents the LGFA's proposed borrowing and lending expectations on behalf of councils in New Zealand.

2 Half Yearly Report Highlights

The Half Yearly Report 2017/18 is attached at Appendix 1. The LGFA's half yearly report provides the following notable highlights:

- There are now 54 participating councils, with 52 having borrowed from the LGFA.
- 30 Local Authorities plus the New Zealand Government are participating shareholders.
- LGFA issued \$518 million of longer term loans to councils so far in 17/18, and has issued over \$7.5 billion of debt on behalf of councils since inception.
- Standard and Poor's and Fitch Ratings provided a credit rating of AA+(stable outlook).

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

Key performance indicators continue to show satisfactory results so far for the year, especially in the current financial markets. The period also reported compliance with all covenants and treasury limits.

3 Draft Statement of Intent 2017/18

The draft SOI 2018/19 recognises the on-going maturity of the LGFA as the significant lender to the local government sector, with a growing number of council's joining the LGFA and borrowing funds.

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

The draft SOI undergoes a process, on behalf of all Councils, led by the Shareholder's Council. As part of the on-going review of the LGFAs performance, The Shareholder's Council prepared a 'Letter of Expectation' that was sent to the LGFA in early 2018. This is consistent with previous messages regarding the expectations of the LGFA operating in the local government environment. This letter was followed up with a meeting with the CEO of the LGFA to discuss how best to accommodate shareholder's views within the draft SOI for 2018/19.

The cover letter from the LGFA in relation to the draft SOI is at Appendix 2, and the draft SOI 2018/19 is at Appendix 3.

SOI Objectives and Content

Some specific highlights from the draft SOI are:

- There are no key changes proposed to objectives in 2018/19.
- There is uncertainty during this three year period covered by the SOI forecasts because there are large (over \$3bn) of bond maturities and council loan maturities occurring
- A recognition that there is also risk and uncertainty relating to the level of future council borrowing because central government initiatives like the Housing Infrastructure Fund (HIF) will begin funding capital projects. These initiatives need careful consideration and assessment of the implications as councils finalise their LTPs.
- An expectation that council's will have borrowed \$8 billion from the LGFA at the end of the 2018/19 financial year.

The LGFA have been kept fully briefed and informed in relation to the Bay of Plenty Regional Council's proposal to become a borrowing council in 2018/19. Estimated borrowing levels have been provided to the LGFA to assist with their forecasting.

4 Council's Accountability Framework

4.1 Community Outcomes

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

4.2 Long Term Plan Alignment

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

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2017/18.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2018-20258

Mat Taylor
General Manager, Corporate Performance

22 March 2018

APPENDIX 1

LFGA Half Year Report - 2017/18



NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

HALF YEAR REPORT



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Cover: Winding road leading to Mount Cook Village, Canterbury, South Island, New Zealand. Getty Images.

Left: Opening of the Memorial Avenue Gateway Bridge, November 2017. Christchurch City Council.

CHAIR'S REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

“LGFA has consolidated its position both as the leading provider of cost-effective funding to New Zealand councils and one of the largest issuers of New Zealand dollar fixed income securities that offer investors a highly rated, higher yielding alternative to New Zealand Government Bonds and Kauri issues.”

Craig Stobo, Chair LGFA Board



Directors would like to highlight the following developments at LGFA for the six-month period to December 2017:

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

LGFA total interest income for the six-month period of \$178.145 million was a 14.4% increase over the 2016-17 comparable period of \$155.711 million while Net Operating Profit of \$6.036 million was a 13.6% increase on the 2016-17 comparable period of \$5.312 million.

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

2. Borrowing activity

Over the past six months, LGFA has issued \$619 million of long-dated bonds. While this is in line with SOI forecast, it is one of the lowest issuance amounts over a six-month period, reflecting reduced borrowing demand from our council members. Average term of issuance of 5.7 years was the shortest average borrowing term since LGFA commenced borrowing in early 2012.

LGFA has \$7.5 billion of bonds (including Treasury stock used for bond lending purposes) on issue across seven maturities from 2019 to 2033. LGFA is one of the largest issuer of New Zealand dollar (NZD) securities after the NZ Government and our bonds are amongst the largest and most liquid NZD debt instruments available for investors. The amount of LGFA bonds outstanding has declined from \$7.9 billion as at 30 June 2017 due to the maturity of the December 2017 LGFA bonds. The council loans matching these bonds were successfully refinanced by council borrowers ahead of the maturity that resulted in an orderly repayment to investors.

3. Lending to the sector

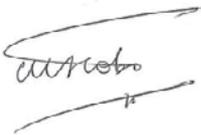
LGFA was established in late 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. It is pleasing to note the following achievements over the past six months:

- We admitted Rangitikei District Council as a new member in December 2017, bringing total membership to 54 councils. Horizons Regional Council also moved from being a non-guarantor to a guarantor in July 2017.

- Long-dated lending of \$518 million for the six-month period was slightly below our SOI forecast and reflected a preference for offshore borrowing by our largest borrower, Auckland Council and reduced borrowing demand from the rest of the sector. We also experienced a shortening in average tenor of council borrowing of 7.2 years compared to 8.1 years in the 2016-17 financial year.
- Bespoke lending continues to be popular for councils in that it provides flexibility for maturity dates of borrowing and the date of drawdown. LGFA lent \$452 million on a bespoke basis to councils during the six-month period. This was approximately 87% of our total lending over that period. Bespoke loans outstanding are now \$1.6 billion or approximately 22% of our total loan book.
- Short-dated lending (less than 365-day terms) to councils has been very successful with loans to 25 councils of \$332 million as at December 2017. This compares to \$240 million lent to 17 councils as at December 2016.
- The underlying credit quality of the sector continues to improve with all member councils remaining compliant with the LGFA lending covenants and three councils in the 2017 calendar year either receiving an upgrade to their credit ratings or a positive outlook change to their rating.

At the November 2017 AGM, Abby Foote retired from the LGFA Board. Abby was a founding director and I would like to acknowledge the valued contribution made by Abby to the success of this organisation since 2011 as both a director and Chair of the Audit and Risk committee. Anthony Quirk was elected a director at the AGM to fill the vacancy.

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



Craig Stobo
Chair, LGFA Board



STATEMENT OF SERVICE PERFORMANCE

The statement of service performance details LGFA's performance against the objectives and targets set out in the LGFA Statement of Intent 2017-18.

1 2017-18 PERFORMANCE OBJECTIVES

The Statement of Intent 2017-18 (SOI) set out two primary performance objectives and eight complementary performance objectives for LGFA for the year ended 30 June 2018:

Primary objectives	Additional objectives
<p>1. LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:</p> <ul style="list-style-type: none"> i. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing; ii. Making longer-term borrowings available to Participating Local Authorities; iii. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and iv. Offering more flexible lending terms to Participating Local Authorities. <p>2. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:</p> <ul style="list-style-type: none"> i. LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and visit each Participating Local Authority on an annual basis; ii. LGFA will analyse finances at the Council group level where appropriate; iii. LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues; and iv. LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market 	<ul style="list-style-type: none"> 1. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6; 2. Provide at least 50% of aggregate long-term debt funding to the Local Government sector; 3. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4; 4. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015; 5. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency; 6. Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4; 7. Meet or exceed the Performance Targets outlined in section 5; and 8. Comply with its Treasury Policy, as approved by the Board.

1 PERFORMANCE AGAINST PRIMARY OBJECTIVES

This section sets out LGFA's performance for the six-months ended 31 December 2017 against the two primary objectives set out in the 2017-18 Statement of Intent.

1.1 LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

i. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing

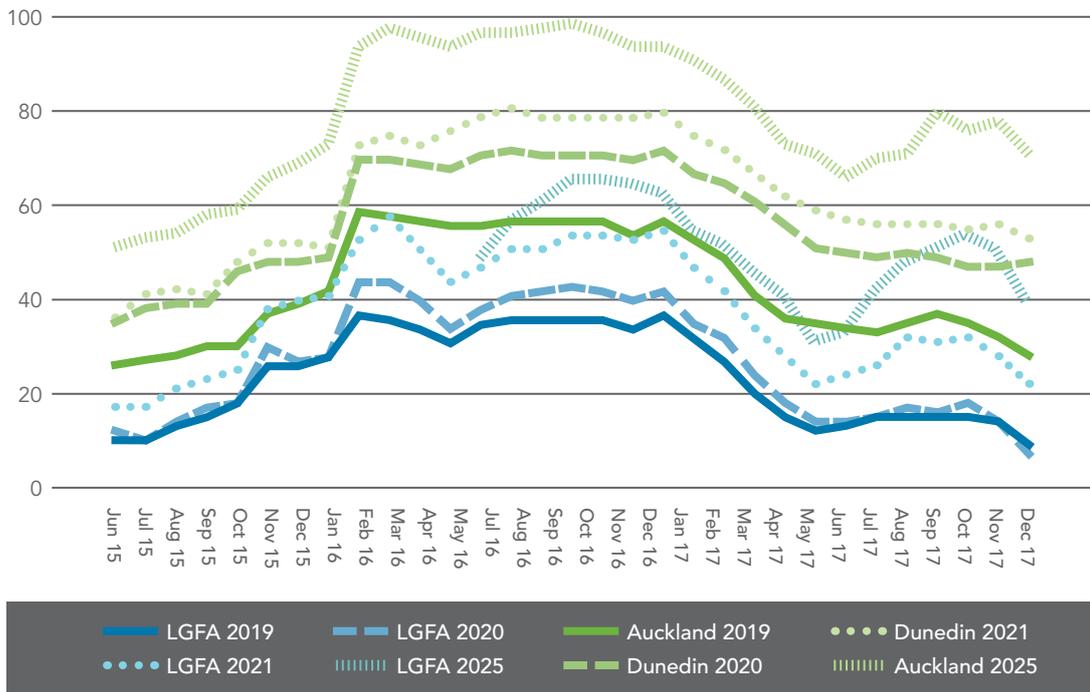
LGFA aims to minimise its issuance margin over swap rates to provide cost-effective funding to councils. The LGFA margin to swap will depend upon many factors including the relative demand and supply of high grade bonds, general credit market conditions, performance of New Zealand Government bonds and swap rates, investor perceptions of LGFA and the issuance volume and tenor of LGFA bonds. Given that LGFA tends to match fund its on-lending to councils, i.e. tends to issue bonds in similar tenors and volumes as its on-lending, then LGFA only has influence over investor perception amongst the above factors that determine LGFA spreads to swap. There will be periods within the interest rate and credit market cycles when LGFA bonds will outperform its benchmarks (spread narrowing) and there will be periods of time when LGFA bonds underperform (spread widening).

Our estimated annual savings to councils based upon the secondary market levels at 31 December 2017 of LGFA bonds compared to NZD domestic bonds issued by Auckland and Dunedin councils is between 10 basis points (bps) and 22 bps depending upon the term of borrowing. While borrowing spreads for all borrowers have narrowed over the past six months, LGFA spreads have not narrowed as much as those of Auckland and Dunedin councils. This underperformance by LGFA has been due to the relative supply of borrowing by each entity – over the past six months LGFA has borrowed \$619 million in the domestic market while Dunedin has borrowed \$80 million and Auckland Council has not borrowed in the domestic market.

Savings comparison	Savings to AA-rated councils (bps)				
	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	27	41	47	47	68
Less LGFA margin to swap	(8)	(9)	(19)	(22)	(43)
LGFA Gross Funding Advantage	19	32	28	25	25
Less LGFA Base Margin	(9)	(10)	(10)	(10.5)	(11)
Total Saving	10	22	18	14.5	14

Note that from 30 June 2017 we have removed the implied 'LGFA effect' of 10 bps of savings in borrowing costs from the analysis. The LGFA effect was the assessment of immediate savings to councils when LGFA first commenced lending to councils in February 2012 and this has become increasingly irrelevant given the passage of time.

The following chart shows the spread to swap (in basis points) in the secondary market of LGFA, Auckland Council and Dunedin City Treasury bonds.

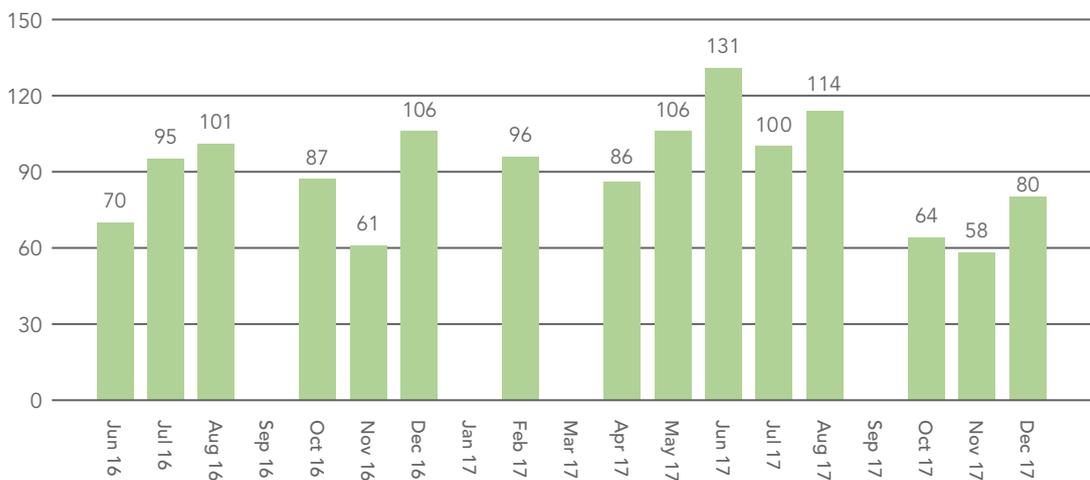


ii. Making longer-term borrowings available to Participating Local Authorities

The average borrowing term (excluding short-dated borrowing) for the six-month period to December 2017 by council members was 7.2 years and this was significantly shorter than the average borrowing term of 8.1 years for the 2016-17 year. The shortening in term was due to councils reacting to the recent widening of borrowing margins in the longer-dated maturities. Also, many councils had taken advantage of the tighter margins in early 2017, using the opportunity to extend longer when the 2033 maturities were first made available in April 2017.

Average total months to maturity – On-lending to councils at each tender

Last 15 tenders to 31 December 2017



While LGFA can provide councils with the ability to borrow from LGFA for terms from one month to 15 years, it is up to the councils to determine their preferred term of borrowing.

iii. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practices

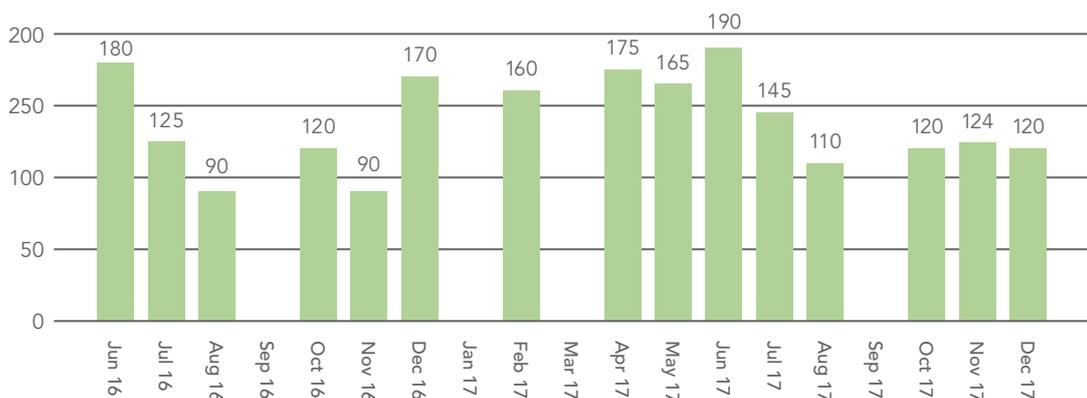
LGFA began issuing 3-month and 6-month LGFA Bills and commenced short-dated (less than one year) lending to councils in late 2015. LGFA has short-term loans to 25 councils of \$332 million outstanding as at 31 December 2017.

LGFA documented an Australian Medium-Term Notes Programme in November 2017 to provide the ability to issue in currencies other than NZD. It is not our intention to use this programme but to have it established to provide some flexibility in case of the unlikely scenario of a significant market disrupting event in the future.

The five LGFA bond tenders during the six-month period were supported by the market with the coverage ratios across the five tenders ranging between 1.61 times and 3.94 times with a weighted average of 2.54 times. We continue to offer three or four LGFA maturities at each tender and try to maintain the volume offered within the \$120 million to \$170 million range to ensure ongoing price tension.

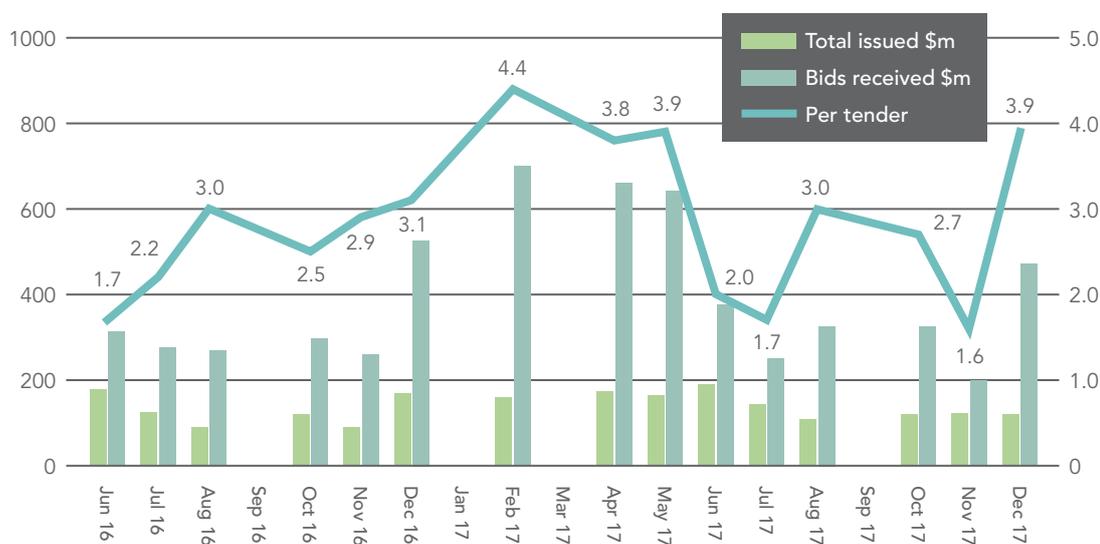
LGFA bond issuance by tender (\$ million)

Last 15 tenders to 31 December 2017. Excludes issuance of treasury stock



Tender bid/offer summary

Last 15 tenders to 31 December 2017



Councils can borrow on a bespoke basis from LGFA and are therefore not restricted to borrowing at the time of each LGFA bond tender. This has become increasingly popular for councils who can now borrow when the timing suits them.

iv. **Offering more flexible lending terms to Participating Local Authorities**

Bespoke lending continues to be a popular borrowing option for council members. Since we introduced the ability for councils to choose their preferred maturity and date of drawdown in February 2015, we have lent \$1.645 billion in bespoke transactions. During the six-month period to 31 December 2017, we lent \$452 million on a bespoke basis across 47 transactions to 21 councils. This comprised 87% of total term lending by LGFA to its members during the six-month period.

Short-term borrowing by councils continues to be well supported by councils with loan terms to date of between three months and 12 months on \$332 million of loans outstanding as at 31 December 2017.

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

i. **LGFA will review each Participating Local Authority's financial position, its financial head-room under LGFA policies and visit each Participating Local Authority on an annual basis**

The review of each council's financial position is undertaken for all councils on an annual basis and all councils were compliant with the LGFA financial covenants as at 30 June 2017. A copy of each council's borrowing position and compliance with LGFA covenants was provided to LGFA shareholders and non-shareholder guarantors with the December 2017 quarterly report. LGFA management met with 27 councils over the six-month period.

ii. **LGFA will analyse finances at the Council group level where appropriate**

While all councils must be compliant with LGFA covenants at the parent level, we also analyse each participating member council's financial position at the Group level. This is undertaken as part of the annual review process.

iii. **LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues**

LGFA management met representatives from Crown Irrigation Investments Limited, Ministry of Business, Innovation and Employment, DIA, Treasury and OAG to discuss the local government sector in general and issues relating to specific councils. We provided input into the proposed Housing Infrastructure Fund and Crown Infrastructure Partners initiatives. The LGFA Board met with the Local Government Commission. We presented at both LGNZ quarterly media presentations on the financial position of the sector and LGFA.

iv. **LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market**

LGFA management meet with the management team of each council at least once a year. We also presented to elected officials at councils prior to them joining LGFA to remind them of their obligations.

We have been involved in discussions between Central Government agencies and the Housing Infrastructure Fund (HIF) councils regarding the structuring of the HIF loans to ensure the interests of councils, ratepayers and LGFA are protected.

LGFA presented at various capital market conferences and met with banks and investors on a regular basis.

2 PERFORMANCE AGAINST ADDITIONAL OBJECTIVES

In addition to the two primary performance objectives, LGFA has eight performance objectives which complement the primary objectives. This section sets out LGFA's performance for the six-months ended 31 December 2017 against the additional objectives set out in the 2017-18 Statement of Intent.

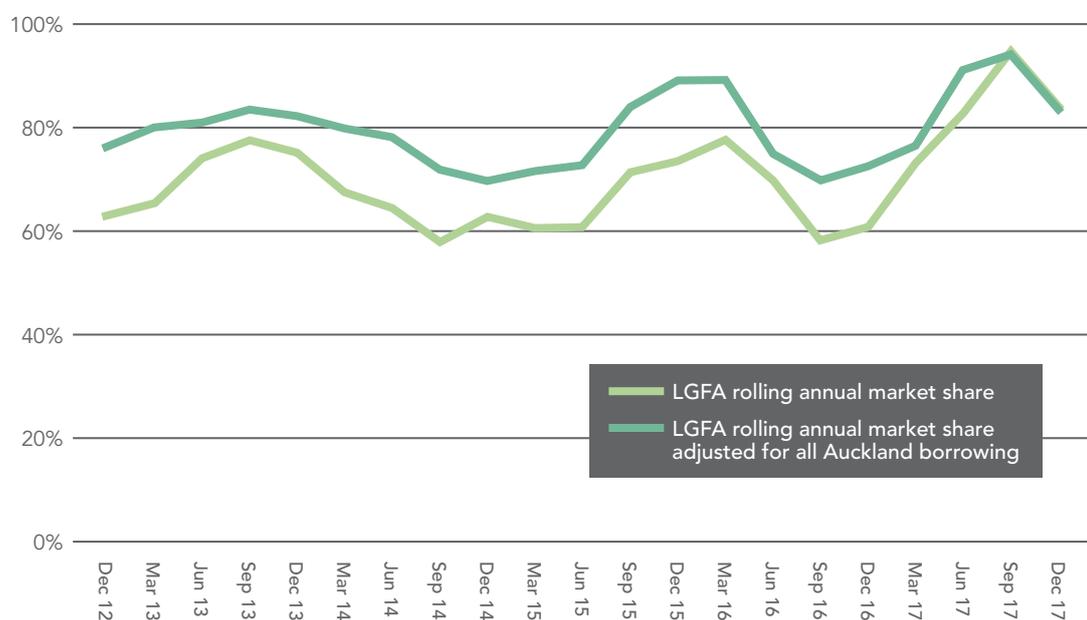
2.1 Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6 of the SOI

LGFA's Net Operating Gain of \$6.036 million for the six months to 31 December 2017 was slightly above the management forecast of \$5.892 million. The average cost of funds for the six months was 3.10% which is lower than the 3.56% for the 2016-17 financial year due to lower interest rates and much shorter term of LGFA bond issuance than the previous financial year. The LGFA Board has the sole discretion to set the annual dividend which is considered following the full year financial outcome.

2.2 Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

LGFA estimates market share from the PwC Local Government Quarterly Debt Report and the most recent report is for the December 2017 quarter. LGFA market share of total sector borrowing for the six-month period to December 2017 was 76% and for the year to December 2017 was 84%. Our market share remains high compared to our global peers but will be influenced by the amount of borrowing undertaken by Auckland Council and Dunedin City Council in their own name.

LGFA Market Share – rolling one-year average



Source PwC

Rangitikei District Council joined LGFA as a non-guarantor in December 2017, bringing the total number of participating local authorities to 54. We expect a small number of councils to join LGFA in the coming year.

2.3 Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4 of the SOI

Expenses for the six-month period to 31 December 2017 were \$3.58 million which is \$130k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding Approved Issuer Levy) at \$1.088 million were \$82k below budget. There were lower fees than budgeted relating to the NZDMO facility offset by higher registry costs and legal costs than forecast. The larger amount of short-term lending and establishment of an Australian MTM programme also increased legal costs.
- Operating costs at \$1.475 million were \$40k below budget and reflected lower overheads and personnel costs than forecast.
- Approved Issuer Levy payments of \$1.02 million were in line with our forecast of \$1.03 million.

2.4 Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA Board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the six-month period.

Following the November 2016 Kaikoura earthquake, LGFA staff were unable to access the LGFA Wellington CBD office. Following repairs and refurbishment we relocated back into the building in December 2017.

2.5 Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency

LGFA has credit ratings from Standard and Poor's (S&P) and Fitch Ratings (Fitch) and meets with both agencies in September and October each year.

Meetings have been held in 2017 with both rating agencies and S&P affirmed the long-term rating of LGFA at AA+ (stable outlook) on 25 September 2017 and Fitch affirmed the rating at AA+ (stable outlook) on 10 November 2017.

2.6 Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4 of the SOI

LGFA's financial results for key items set out in Section 4 of the SOI for the 12-month period to 30 June 2018 are

In \$ million	31 December 2017 actual	31 December 2017 half year forecast	30 June 2018 full year SOI forecast
Net interest revenue	\$9.62	\$9.60	\$18.22
Issuance and operating expenses excluding Approved Issuer Levy (AIL)	\$2.56	\$2.69	\$5.45
Approved Issuer Levy (AIL)	\$1.02	\$1.02	\$1.89
Net Profit	\$6.04	\$5.89	\$10.88

2.7 Meet or exceed the Performance Targets outlined in section 5 of the SOI

LGFA achieved two out of its four performance targets in the six-month period to 31 December 2017

Current performance targets	Target	Result for six-month period to 31 December 2017	Outcome
Average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period	<= 0.10%	0.097%	Met
Annualised annual issuance and operating expenses (excluding AIL)	<= \$5.45 million	\$2.563 million	Met on annualised basis and on track to meet for full year
Lending to Participating Local Authorities	<= \$8.128 billion	\$7.418 billion	Not met but remains close to being met on a full year basis (depending upon the level and timing of pre-funding of the March 2019 council loans)
Savings on borrowing costs for council borrowers relative to other sources of financing and compared to previous years	Improvement since prior year end relative to borrowing by councils directly	As at 30 June 2017 2019s 12 bps, 2021s 20 bps and 2025s 17 bps As at 31 December 2017 2019s 10bps, 2021s 18 bps and 2025s 14 bps	Not met. The lack of single name issuance by councils has reduced supply and hence tightened spreads

2.8 Comply with its Treasury Policy, as approved by the Board

LGFA was compliant at all times with the Treasury Policy during the six-month period ended 31 December 2017.



FINANCIAL STATEMENTS

Shared path and safety improvements to Raumati Road on the Kapiti Coast aim to improve pedestrian and cycling connections to and from the Mackays to Peka Peka expressway, cycleway, walkway and bridleway. Kapiti Coast District Council

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In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 20 to 35:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 December 2017, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial position of the Company and facilitates the compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

For and on behalf of the Board of Directors



C. Stobo, Director
28 February 2018



L. Robertson, Director
28 February 2018

Statement of comprehensive income

For the six months ended 31 December 2017 in \$000s

	Note	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016
Interest income from			
Cash and cash equivalents		291	272
Loans to local government		118,416	109,752
Marketable securities		1,434	1,304
Deposits		2,424	1,548
Derivatives		55,580	42,835
Fair value hedge ineffectiveness	2	-	-
Total interest income		178,145	155,711
Interest expense on			
Bills		3,671	2,582
Bonds		163,057	142,988
Borrower notes		1,699	1,584
Bond repurchases		100	46
Total interest expense		168,527	147,200
Net interest income		9,618	8,511
Operating Expenses			
Issuance and on-lending expenses	3	2,107	1,764
Operating expenses	4	1,475	1,435
Total expenses		3,582	3,199
Net operating profit		6,036	5,312
Total comprehensive income		6,036	5,312

These statements are to be read in conjunction with the notes to the financial statements

Statement of changes in equity

For the six months ended 31 December 2017 (unaudited) in \$000s

	Note	Share capital	Retained Earnings	Total equity
Equity as at 30 June 2017		25,000	28,878	53,878
Net operating profit			6,036	6,036
Total comprehensive income for the year			6,036	6,036
Transactions with owners			-	-
Dividend paid on 20 September 2017			(1,390)	(1,390)
Equity as at 31 December 2017	13	25,000	33,524	58,524

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	Share capital	Retained Earnings	Total equity
Equity as at 30 June 2016		25,000	19,224	44,224
Net operating profit			5,312	5,312
Total comprehensive income for the year			5,312	5,312
Transactions with owners			-	-
Dividend paid on 15 October 2016			(1,392)	(1,392)
Equity as at 31 December 2016		25,000	23,144	48,144

These statements are to be read in conjunction with the notes to the financial statements

Statement of financial position

As at 31 December 2017 in \$000s

	Note	Unaudited as at 31 December 2017	Audited as at 30 June 2017
Assets			
Financial assets			
Cash and bank balances		29,478	49,919
Receivable unsettled bond repurchases		-	13,723
Loans to local government	5	7,535,611	7,783,932
Marketable securities		36,313	127,641
Deposits		118,960	149,949
Derivatives in gain		386,030	364,953
Non-financial assets			
Prepayments		887	544
Other assets	10	685	760
Total assets		8,107,964	8,491,421
Equity			
Share capital		25,000	25,000
Retained earnings		27,488	28,878
Total comprehensive income / (deficit) for the period		6,036	
Total equity		58,524	53,878
Liabilities			
Financial Liabilities			
Trade and other payables		246	453
Accrued expenses		412	554
Bills	6	368,601	348,179
Bonds	7	7,495,647	7,865,401
Borrower notes	8	124,922	131,614
Bond repurchases	9	-	25,682
Derivatives in loss		59,612	65,660
Total liabilities		8,049,440	8,437,543
Total equity and liabilities		8,049,440	8,491,421

These statements are to be read in conjunction with the notes to the financial statements

For the six months ended 31 December 2017 in \$000s

	Note	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016
Cash flow from operating activities			
Cash applied to loans to local government	12	247,203	(662,866)
Interest paid on bonds issued		(188,895)	(166,281)
Interest paid on bills issued		(3,671)	2,582
Interest paid on borrower notes		(2,621)	-
Interest paid on bond repurchases		(102)	(44)
Interest received from cash & cash equivalents		291	271
Interest received from loans to local government		119,534	108,984
Interest received from marketable securities		1,567	1,142
Interest received from deposits		3,413	1,630
Net interest on derivatives		80,406	63,224
Payments to suppliers and employees		(4,274)	(3,488)
Net cash flow from operating activities	11	252,851	(654,846)
Cash flow from investing activities			
Purchase of marketable securities		91,195	52,787
Purchase of deposits		30,000	(14,000)
Purchase of plant and equipment		76	69
Net cash flow from investing activities		121,271	38,856
Cash flow from financing activities			
Dividends paid		(1,390)	(1,392)
Cash proceeds from borrower notes	12	(5,770)	9,288
Cash proceeds from bonds issued	12	(382,465)	603,386
Cash proceeds from bills issued		20,422	(5,040)
Cash applied to bond repurchases		(11,957)	3,712
Cash applied to derivatives		(13,403)	(8,862)
Net cash flow from financing activities		(394,563)	601,092
Net (decrease) / increase in cash		(20,441)	(14,898)
Cash, cash equivalents and bank overdraft at 1 July		49,919	37,084
Cash, cash equivalents and bank overdraft at 31 December		29,478	22,186

These statements are to be read in conjunction with the notes to the financial statements

1 Statement of accounting policies

A. REPORTING ENTITY

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

These interim financial statements were authorised for issue by the Directors on 28 February 2018.

B. STATEMENT OF COMPLIANCE

These interim financial statements are for the six-months ended 31 December 2017 and are to be read in conjunction with the annual report for the year ended 30 June 2017. They have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IAS 34 Interim Financial Reporting. The financial results for the six-month period ended 31 December 2017 are unaudited.

C. BASIS OF PREPARATION

Accounting judgments, estimates and assumptions

The judgements, estimates and assumptions used to prepare these interim financial statements are consistent with those used at 30 June 2017.

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

D. FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

E. OTHER ASSETS

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

F. OTHER LIABILITIES

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

G. REVENUE AND EXPENSES

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

H. LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

I. SEGMENT REPORTING

LGFA operates in one segment being funding of participating local authorities in New Zealand.

J. JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.

2 Hedge accounting

LGFA is exposed to interest rate risk where there is a mismatch between variable and fixed rate borrowing and lending to councils. LGFA uses interest rate swaps to manage this interest rate risk. For hedge accounting purposes, LGFA has designated certain swaps in fair value relationships to its fixed rate borrowing and council loans.

The gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships is shown in the table below.

in \$000s	Gain/(loss) Unaudited six months ended 31 December 2017	Gain/(loss) Unaudited six months ended 31 December 2016
Hedging instruments – interest rate swaps	202,007	134,733
Hedged items attributable to the hedged risk – fixed rate bonds	(202,007)	(134,733)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

The gains or losses on the hedging instrument (interest rate swaps) and the hedged item (bonds and loans) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

3 Issuance and on-lending expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

in \$000s	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016
NZDMO facility fee	375	200
NZX	164	237
Rating agency fees	282	267
Legal fees for issuance	93	62
Regulatory, registry, other fees	45	18
Trustee fees	50	50
Approved issuer levy	1,019	865
Information services	79	65
	2,107	1,764

4 Operating expenses

Operating expenses are all other expenses that are not classified as 'Issuance and on-lending expenses'.

in \$000s	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016
Consultants	68	78
Directors' fees	189	174
Insurance	30	30
Legal fees	53	23
Other expenses	364	362
Auditor's remuneration		
Statutory audit	44	46
Advisory	-	4
Personnel	727	718
	1,475	1,435

5 Loans to local government

in \$000s	Unaudited as at 31 December 2017		Audited as at 30 June 2017	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	10,028	25,673	10,018	25,707
Auckland Council	-	2,102,637	-	2,429,887
Buller District Council	-	20,004	-	20,001
Canterbury Regional Council	-	30,103	-	25,083
Central Hawkes Bay District Council	-	2,026	-	-
Christchurch City Council	85,272	1,522,509	96,280	1,485,304
Far North District Council	-	30,122	-	30,121
Gisborne District Council	4,983	32,233	-	27,085
Gore District Council	6,024	11,063	6,023	11,034
Greater Wellington Regional Council	-	280,853	-	280,702
Grey District Council	-	20,502	-	20,551
Hamilton City Council	-	286,188	-	351,028
Hastings District Council	4,972	60,213	-	60,211
Hauraki District Council	-	38,152	-	41,139
Horizons Regional Council	-	15,028	-	10,013
Horowhenua District Council	12,016	66,889	12,013	63,923
Hurunui District Council	-	23,096	-	23,085
Hutt City Council	4,995	127,800	-	97,727
Kaipara District Council	-	40,169	8,925	43,172
Kapiti Coast District Council	-	195,641	-	210,623
Manawatu District Council	-	61,112	-	58,094
Marlborough District Council	18,850	63,223	19,851	63,207
Masterton District Council	-	52,228	2,006	52,209
Matamata-Piako District Council	-	24,586	-	29,581
Nelson City Council	-	55,203	-	55,201
New Plymouth District Council	-	70,301	-	61,167
Northland Regional Council	-	2,852	-	-
Opotiki District Council	-	5,166	-	5,180
Otorohanga District Council	-	6,138	-	9,178
Palmerston North City Council	10,026	77,282	10,025	77,255
Porirua City Council	-	43,692	-	28,608
Queenstown Lakes District Council	10,099	76,067	7,070	86,177
Rotorua District Council	20,046	104,881	1,001	114,976
Selwyn District Council	-	15,022	-	35,050
South Taranaki District Council	-	62,272	-	62,267
South Wairarapa District Council	1,533	16,118	4,034	13,586
Tararua District Council	3,006	11,050	1,004	10,033
Tasman District Council	5,004	90,398	-	90,273
Taupo District Council	-	125,419	-	125,417
Tauranga City Council	29,911	317,076	-	347,207
Thames-Coromandel District Council	12,012	23,047	-	35,061
Timaru District Council	7,519	62,338	10,047	67,347
Upper Hutt City Council	4,989	31,635	2,997	31,628
Waikato District Council	4,993	70,319	-	80,265
Waimakariri District Council	10,011	105,839	10,010	85,797
Waipa District Council	35,286	13,016	-	13,015
Waitomo District Council	10,066	25,084	5,022	25,027
Wellington City Council	-	349,320	-	294,047
Western Bay Of Plenty District Council	-	85,366	-	105,386
Whakatane District Council	9,043	39,170	6,021	34,129
Whanganui District Council	5,005	61,326	-	66,327
Whangarei District Council	9,973	122,499	9,972	142,522
	335,663	7,199,948	222,318	7,561,614

6 Bills on issue

Unaudited as at 31 December 2017 in \$000's	Face Value	Unamortised premium	Accrued interest	Total
17 January 2018	50,000	(43)	-	49,957
26 January 2018	25,000	(38)	-	24,962
5 February 2018	25,000	(47)	-	24,953
14 February 2018	50,000	(118)	-	49,882
22 February 2018	25,000	(69)	-	24,931
14 March 2018	50,000	(192)	-	49,808
22 March 2018	25,000	(111)	-	24,889
29 March 2018	25,000	(113)	-	24,887
11 April 2018	25,000	(138)	-	24,862
1 May 2018	20,000	(133)	-	19,867
16 May 2018	25,000	(182)	-	24,818
13 June 2018	25,000	(215)	-	24,785
	370,000	(1,399)	-	368,601

Audited as at 30 June 2017 in \$000's	Face Value	Unamortised premium	Accrued interest	Total
12 July 2017	50,000	(30)	-	49,970
4 August 2017	25,000	(46)	-	24,954
16 August 2017	50,000	(129)	-	49,871
13 September 2017	50,000	(204)	-	49,796
26 September 2017	25,000	(126)	-	24,874
11 October 2017	25,000	(143)	-	24,857
26 October 2017	25,000	(172)	-	24,828
15 November 2017	25,000	(194)	-	24,806
27 November 2017	25,000	(223)	-	24,777
13 December 2017	25,000	(232)	-	24,768
26 January 2018	25,000	(322)	-	24,678
	350,000	(1,821)	-	348,179

7 Bonds on issue

Bonds on issue do not include LGFA bonds subscribed by LGFA and held as treasury stock. However, LGFA bonds listed on the NZX include LGFA bonds subscribed by LGFA and held as treasury stock. Refer note 9: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2017 in \$000's		Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 March 2019	5% coupon	1,240,000	15,164	18,499		1,273,663
15 April 2020	3% coupon	935,000	(8,181)	6,011		932,830
15 May 2021	6% coupon	1,420,000	67,354	11,062		1,498,416
15 April 2023	5.5% coupon	1,429,000	73,485	16,842		1,519,327
15 April 2025	2.75% coupon	804,000	(39,593)	4,738		769,145
15 April 2027	4.5% coupon	996,000	34,052	9,604		1,039,656
14 April 2033	3.5% coupon	285,000	(26,562)	2,165		260,603
Fair value hedge adjustment					202,007	202,007
Total		7,109,000	115,719	68,921	202,007	7,495,647

Audited as at 30 June 2017 in \$000's		Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 December 2017	6% coupon	1,015,000	7,762	2,662		1,025,424
15 March 2019	5% coupon	1,200,000	19,488	17,609		1,237,097
15 April 2020	3% coupon	755,000	(12,471)	4,765		747,294
15 May 2021	6% coupon	1,350,000	68,236	10,345		1,428,581
15 April 2023	5.5% coupon	1,350,000	69,813	15,621		1,435,434
15 April 2025	2.75% coupon	660,000	(34,201)	3,818		629,617
15 April 2027	4.5% coupon	960,000	33,450	9,089		1,002,538
14 April 2033	3.5% coupon	215,000	(20,650)	1,604		195,954
Fair value hedge adjustment					163,460	163,460
Total		7,505,000	131,428	65,513	163,460	7,865,401

8 Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to 1.6% of the aggregate borrowings, excluding short-term loans, by that local authority.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

9 Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2017, treasury stock had been issued in the following maturities (in \$000s):

in \$000s		Unaudited as at 31 December 2017	Audited as at 30 June 2017
15 March 2019	5% coupon	50,000	50,000
15 April 2020	3% coupon	50,000	50,000
15 May 2021	6% coupon	50,000	50,000
15 April 2023	5.5% coupon	50,000	50,000
15 April 2025	2.75% coupon	50,000	50,000
15 April 2027	4.5% coupon	50,000	50,000
14 April 2033	3.5% coupon	50,000	50,000
Total		350,000	350,000

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

Each month, LGFA notifies the market the amount of outstanding repurchase transactions and LGFA bonds held as treasury stock.

As at 31 December 2017, there were no bond repurchase transactions outstanding.

Bond repurchase transactions outstanding in \$000s		Unaudited as at 31 December 2017	Audited as at 30 June 2017
15 March 2019	5% coupon	-	-
15 April 2020	3% coupon	-	-
15 May 2021	6% coupon	-	-
15 April 2023	5.5% coupon	-	-
15 April 2025	2.75% coupon	-	9,981
15 April 2027	4.5% coupon	-	15,701
14 April 2033	3.5% coupon	-	-
		-	25,682

10 Other assets

Property, plant and equipment \$000s	Unaudited as at 31 December 2017	Audited as at 30 June 2017
Intangible assets	685	760
Total other assets	685	760

11 Reconciliation of net profit to net cash flow from operating activities

in \$000s	Note	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016
Net profit/(loss) for the period		6,036	5,312
Cash applied to loans to local government	12	247,203	(662,866)
Non-cash adjustments			
Amortisation and depreciation		304	2,999
Working capital movements			
Net change in trade debtors and receivables		(207)	59
Net change in prepayments		(343)	(292)
Net change in accruals		(142)	(58)
Net Cash From Operating Activities		252,851	(654,846)

12 LGFA December 2017 bond maturity

The nominal value of the 15 December 2017 6% coupon bond maturity was \$1,015 million. Loans to councils with nominal values totalling \$879 million, and associated nominal borrower notes totalling \$14 million, also matured on 15 December 2017.

13 Share capital

As at 31 December 2017 LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share.

As at 31 December 2017, the shareholding of the New Zealand Government had been fully paid up. For all other shareholders, 50% of the shareholding had been called.

Notes to the financial statements (unaudited)

in \$000s	31 December 2017		30 June 2017	
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

14 Related parties

Identity of related parties

The Company is related to the local authorities set out in the Shareholder Information by shareholding.

The Company operates under a Statement of Intent with the respective local authorities that requires the Company to provide debt to them at the lowest possible interest rates and to enhance their certainty of access to debt markets.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognized on this lending is shown in the Statement of Comprehensive Income. The requirement for participating councils to subscribe to LGFA borrower notes is disclosed in note 8, and the interest expense on these is shown in the Statement of comprehensive income.

15 Subsequent events

There have been no significant events after balance date that have affected the accuracy of these financial statements.

Subsequent to balance date, LGFA has issued \$120 million in bonds through a tender on 14 February 2018.

Credit Rating

As at 31 December 2017, LGFA has the following credit ratings:

Rating Agency	Local currency		Foreign currency	
	Long-term	Short-term	Long-term	Short-term
Standard & Poors	AA+	A-1+	AA	A-1+
Fitch	AA+	F1+	AA	F1+

Waivers from NZX Limited (NZX)

LGFA's fixed rate bonds are quoted on the NZX Debt Market (LGFA Bonds). NZX has granted LGFA a number of waivers from the NZX Listing Rules.

Waiver from Rule 5.2.3

NZX has granted LGFA a waiver from NZX Listing Rule 5.2.3 to the extent that this requires the LGFA Bonds to be held by at least 100 members of the public holding at least 25% of the number of securities of that class issued.

The waiver from NZX Listing Rule 5.2.3 was provided on the conditions that:

- LGFA clearly and prominently disclose the waiver, its conditions and its implications in its annual reports and in each profile or Offering Document for the LGFA Bonds;
- LGFA will disclose market liquidity as a risk in each offering document (excluding any offering document referred to in paragraph (f) of the definition of "Offering Document" under NZX Listing Rule 1.6.1) for the LGFA Bonds; and
- the nature of LGFA's business and operations do not materially change from its business and operations as at the date of the waiver decision.

The effect of the waiver is that the LGFA Bonds may not be widely held and there may be reduced market liquidity in the LGFA Bonds.

Waiver from Rule 6.3.2

NZX has granted LGFA a waiver from NZX Listing Rule 6.3.2 so that the deemed date of receipt of notices for a holder of LGFA Bonds who has supplied LGFA with an address outside of New Zealand, will be five working days after that notice is posted to that physical address.

Net Tangible Assets

Net tangible asset per \$1,000 of listed bonds as at 31 December 2017 is \$7.85 (30 June 2017: \$6.86).

Right: The Pocket Park joins the popular Hatea Loop with Port Road in Whangarei. The park provides a place with shade, seating and a playground for residents and visitors to stop and enjoy the view of the Hatea River. Whangarei District Council.

Back cover: Oneroa Beachfront Cycle and Walkway. Gisborne District Council.

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APPENDIX 2

LGFA Letter to shareholders to accompany 2018-19 Draft SOI

22 February 2018

Dear Shareholder

Draft Statement of Intent 2018/19

Please find attached a copy of the Draft Statement of Intent (“SOI”) for the 2018/19 year¹.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimise funding terms and conditions by:

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets

For our shareholders we are focused on:

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management and

The following points regarding the Draft 2018/19 SOI are worth noting:

- Profitability is forecast to remain strong with projections for Net Operating Gain of \$10.81 million, \$10.44 million and \$14.08 million for the next three years as controllable expenses remain close to previous year budgets but net interest income grows. However, we remain cautious in placing too much emphasis on the Year Three (2020/21) forecast given that over the next three years, \$3.79 billion of our LGFA bonds and \$3.336 billion of council loans mature. Assumptions regarding timing of refinancing and interest rates have a meaningful impact on financial projections.
- Net interest income is expected to increase over the next three years as we hold additional liquid assets to manage the LGFA bond maturities. We would also expect councils to refinance their loans prior to maturity and depending upon the timing, this is slightly positive for LGFA.
- We have reduced our forecast for Local Government loans outstanding as at June 2019 to \$8.020 billion and to \$8.261 billion as at June 2020 (from \$8.188 billion and \$8.391 billion in the previous SOI). This reflects uncertainty regarding the impact on LGFA lending if councils

¹ If you wish to also receive a version with tracked changes that highlight changes from the previous 2017/18 SOI then please let me know.

substitute LGFA borrowing for funding from the Housing Infrastructure Fund facility and other Central Government initiatives. Councils have also yet to release their Draft Long Term Plans and provide indications of future borrowing intentions.

- We have made no changes to the on-lending margins given the base lending margin now averages 10 bps (0.10%). Any further reductions in the base margin is unlikely as we need to ensure we have sufficient capital to match the growth in the balance sheet. LGFA on-lending margins are the narrowest when compared with our international peers.
- Compared to the previous SOI, issuance and on-lending costs excluding Approved Issuer Levy (“AIL”) are forecast to be similar to the forecast in each of the 2018/19 and 2019/20 financial years.
- The SOI performance targets are the same as the targets in the previous SOI as we believe these reflect the optimal means to assess our performance against our key objectives.
- As noted above, there is some timing uncertainty within the SOI forecast relating to Local Government loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the Local Government loans that are due to mature in March 2019, April 2020 and May 2021. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.

If you have any questions or wish to provide comments by 30 April 2018 then please feel free to contact myself or any member of the Shareholders Council. The LGFA Board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2018.

Yours sincerely



Mark Butcher
Chief Executive

APPENDIX 3

2018-19 LGFA Draft Statement of Intent

Draft Statement of Intent 2018/19

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

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

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- LGFA will analyse finances at the Council group level where appropriate;
- LGFA will review its debt covenant methodology and assessment of council financial position at group vs parent. LGFA will present its findings to councils at the LGFA Shareholder-Borrower Day, including a comparison of LGFA methodology to that of the credit rating agencies;
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues; and
- LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
- Meet or exceed the Performance Targets outlined in section 5; and
- Comply with its Treasury Policy, as approved by the Board.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2021 are:

FINANCIAL YEAR (\$M)

Comprehensive income	Jun-19	Jun-20	Jun-21
Interest income	239.11	241.42	254.38
Interest expense	220.64	223.71	232.86
Net Interest income	18.46	17.71	21.53
Issuance and on-lending costs	2.44	2.47	2.50
Approved Issuer Levy	2.07	1.56	1.61
Operating expenses	3.14	3.24	3.33
Issuance and operating expenses	7.65	7.27	7.44
P&L	10.81	10.44	14.08

Financial position (\$m)	Jun-19	Jun-20	Jun-21
Capital	25.00	25.00	25.00
Retained earnings	48.30	57.42	70.10
Total equity	73.30	82.42	95.10
Shareholder funds + borrower notes / Total assets	2.40%	2.49%	2.64%
Dividend provision	1.33	1.40	1.45
Total assets (nominal)	8,170.25	8,414.20	8,447.97
Total LG loans - short term (nominal)	325.00	325.00	325.00
Total LG loans (nominal)	7,695.00	7,936.50	7,972.50
Total bills (nominal)	370.00	370.00	370.00
Total bonds (nominal) ex tsy stock	7,699.00	7,839.00	7,829.00
Total borrower notes (nominal)	123.12	126.98	127.56

Note that there is some forecast uncertainty around the timing of Net Interest Revenue, Net Profit, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their March 2019, April 2020 and May 2021 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:
 - 30 June 2019 will be no more than 0.10%.
 - 30 June 2020 will be no more than 0.10%.
 - 30 June 2021 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2019 will be less than \$5.58 million.
 - 30 June 2020 will be less than \$ 5.71 million.
 - 30 June 2021 will be less than \$5.83 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2019 will be at least \$8,020 million.
 - 30 June 2020 will be at least \$8,261 million.
 - 30 June 2021 will be at least \$8,297 million.
- Savings on borrowing costs for council borrowers:
 - LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

¹ Subject to the forecasting uncertainty noted previously

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

² Best practice as per NZX and Institute of Directors guidelines

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.

- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be

to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2017 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. Reporting Entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

b. Statement of Compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

c. Basis of Preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence

demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

f) Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g) Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.



Report To: Regional Council

Meeting Date: 29 March 2018

Report From: Mat Taylor, General Manager, Corporate Performance

Bay of Plenty Local Authority Shared Services (BOPLASS) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18

Executive Summary

BOPLASS is a Council Controlled Organisation (CCO). Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year.

Half Yearly Report 2017/18

Appendix 1 and 2 provides the Half Yearly Report which reviews the performance for the six months from July to December 2016. A number of initiatives are currently underway including the significant on-going savings achieved through joint procurement.

Draft Statement of Intent 2018/19

The cover letter and draft Statement of Intent 2017/18 sets out Objectives, and the nature and scope of activities, and the performance targets, and financial forecasts for 2017/18, 2018/19, and 2019/20.

Performance targets set out for the SOI are intended to provide targets and measures to ensure on-going reporting and monitoring of organisational effectiveness. The draft SOI 2018/19 continues to represent maintaining the current practice of making strong financial savings from joint procurement initiatives, although not realising the full potential for shared services opportunities.

Recommendations

That the Regional Council:

- 1 Receives the report, Bay of Plenty Local Authority Shared Services (BOPLASS) Draft Statement of Intent 2018/19, and Half Yearly Report 2017/18;**
- 2 Notes the Half Year Report 2017/18, and the performance targets.**
- 3 Notes the draft Statement of Intent 2018/19 and the Objectives and performance targets set out within it.**

1 Background

BOPLASS is a Council Controlled Organisation (CCO). Schedule 8 of the Local Government Act 2002 requires Council Controlled Organisations to deliver to shareholders a draft Statement of Intent for the coming financial year, by 1 March in the preceding financial year. The Bay of Plenty Regional Council, as a shareholder, then has up to two months to make comments on the draft.

The CCO Board must consider these comments and deliver a final Statement of Intent to shareholders before the 30 June 2018.

2 2017/18 Half Yearly Report

BoPLASS is a Council Controlled Organisation (CCO). The CCO's Statement of Intent and the Local Government Act 2002 requires it to report performance to Council half yearly and annually. Appendix 1 and 2 provides the Half Yearly Report which reviews the performance for the six months from July to December 2017.

A number of initiatives are currently underway including the significant on-going savings achieved through joint procurement.

The report has the following highlights:

- That the Board reports that all performance targets are achieved, or on track to be achieved for the year
- There are a range of initiatives reported under Section 7 of the half yearly report that demonstrates good progress
- That the review of the Board and the BOPLASS organisational strategy, requested by the Regional Council in previous reviews of the SOI, has begun.

3 Draft Statement of Intent 2018/19

The cover letter and draft Statement of Intent 2018/19 is attached as Appendix 3 and 4 to this report and includes:

- Objectives,
- Nature and Scope of Activities,
- Governance
- Future developments,
- Performance targets, and
- Financial forecasts for 2018/19, 2019/20, and 2020/21.

The overall objectives and vision for BOPLASS continue to be supported, and although not the only model for service delivery, it is a useful and sometimes effective one, especially on shared procurement.

BOPRC continue to be committed to shared service opportunities across the Bay of Plenty where they make sense from an economic and/or an increased customer experience. Performance targets set out for the SOI are intended to provide targets

and measures to ensure on-going reporting and monitoring of organisational effectiveness.

The draft SOI 2018/19 continues to represent maintaining the current practice of making strong financial savings from joint procurement initiatives, although not realising the full potential for shared services opportunities.

4 Council's Accountability Framework

4.1 Community Outcomes

BOPLASS contributes to Community Outcomes in the council's Long Term Plan 2015-2025.

4.2 Long Term Plan Alignment

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

Current Budget Implications

This work is being undertaken within the current budget for the Corporate Services Activity in the Annual Plan 2017/18.

Future Budget Implications

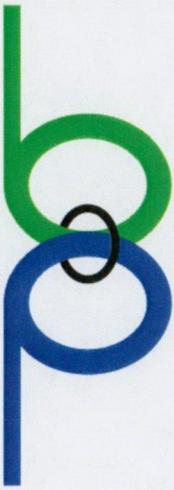
Future work is provided for in Council's Long Term Plan 2018-2028.

Mat Taylor
General Manager, Corporate Performance

21 March 2018

APPENDIX 1

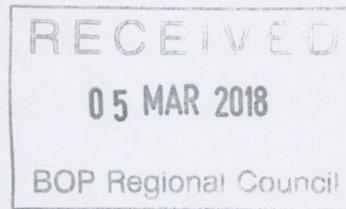
Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Half Yearly Report to Shareholders - Period ended 31 December 2017 - Cover Letter



"COUNCILS PARTNERING FOR VALUE AND SERVICE"

27 February 2018

Mary-Anne Macleod
Chief Executive Officer
Bay of Plenty Regional Council
87 First Avenue
TAURANGA 3110



BOPLASS Ltd
C/- Tauranga City Council
Willow Street
Tauranga

PO Box 13056
Tauranga 3141
Phone 07 577 7342
www.boplass.govt.nz

Dear Mary-Anne

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent.

The attached report and accompanying Chair's letter records the objectives of the Company and reports on performance against the performance requirements set out in the Statement of Intent.

The report was approved for presentation to Shareholder Councils by a resolution of the Board on 14 February 2018.

Yours faithfully

Stephen Boyle
BOPLASS Ltd

APPENDIX 2

Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Half Yearly Report to Shareholders - Period ended 31 December 2017

RECEIVED

05 MAR 2018

BOP Regional Council



BOPLASS Ltd

HALF YEARLY REPORT TO SHAREHOLDERS



Period ended 31 December 2017

"COUNCILS PARTNERING FOR VALUE AND SERVICE"



BOPLASS Chair's Report

It is with pleasure the Directors present their 2017/2018 Half Yearly Report to Shareholders demonstrating the continuing contribution the company makes to collaboration between councils.

The renewal of councils' insurance through BOPLASS in November 2017 was a clear demonstration of the value added to BOPLASS councils through collaboration with other councils and the ability to leverage the buying power of a larger group. Although it is a hardening market for insurers, with significant premium increases being applied to similar NZ organisations, we were able to limit increases for the BOPLASS group while securing higher levels of cover for all councils. Additionally, BOPLASS has continued investigating opportunities to improve councils' insurance protection while also mitigating exposure and risk, with projects continuing for infrastructure hazard loss and loss modelling work.

In back office procurement BOPLASS continues to utilise the availability of All of Government (AoG) contracts and has ensured these are given early consideration in any procurement initiatives. There are a number of active procurement opportunities either in the formative stage or about to go to tender. Additional information about current projects is available in the attached report.

The Board's focus steadfastly remains on the development of shared service initiatives and particularly looking at the opportunities for inter-regional collaboration.

The review of councils' solid waste services determined a number of areas with potential to benefit through collaboration and provide cost savings, operational benefits, and/or diversion of waste from landfill. The Board has approved for proof of concept to be developed for:

- a regional or cross-regional approach to licensing and data collection for waste operators;
- diverting putrescible wastes from landfill;
- a regional facilities strategy.

These are shared service projects of significance from both an operational and community perspective and have potential to provide substantial benefits to a large group of councils.

The Board is in the process of engaging an independent review of the company's governance, but have now extended the review to cover full organisational strategy before focussing specifically on the governance aspects. The Board is currently investigating the opportunity to undertake the review in conjunction with neighbouring LASS.

BOPLASS continues to develop its reputation as an effective example of collaboration within Local Government. We would like to thank the various individuals within all of the councils who continue to support and assist with the progress of these important initiatives.

Yours faithfully

Craig O'Connell

Chair



BOPLASS Ltd
"COUNCILS PARTNERING FOR VALUE AND SERVICE"

HALF YEARLY REPORT TO SHAREHOLDERS

14 FEBRUARY 2018

1 INTRODUCTION

The Local Government Act 2002 requires that the Directors deliver to the Shareholders a report within two months of the end of the first six months of the financial year. The report is required to provide information against the objectives set out in the Statement of Intent. The following report records the objectives of the company and reports on performance against a table of specific performance requirements set out in the Statement of Intent.

2 OBJECTIVES OF BOPLASS LTD

The company exists to provide councils in the Bay of Plenty and Gisborne regions with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

JOINT PROCUREMENT

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

SHARED SERVICES

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

3 GOVERNANCE

In the year to date the governance structure has remained stable with no changes to the Board.

Craig O'Connell has been reappointed to the position of Chair and continues in his role of independent director.

4 NATURE AND SCOPE OF ACTIVITIES

The principle nature and scope of the activities of BOPLASS Ltd is to:

- *Use joint procurement to add value to goods and services sourced for its constituent councils.*
- *Facilitate shared services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.*
- *Pursue best practice in the management of all activities to obtain best value and minimise risk.*
- *Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.*
- *Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.*
- *Represent the collective views of its shareholders in matters with which it is associated.*

5 FUTURE DEVELOPMENTS

BOPLASS Ltd will continue to work on business cases for joint procurement and shared services that may be provided in the region or cross-regionally.

The Board has adjusted its strategy to ensure that BOPLASS is focused on lifting the effort on shared services and innovation and delivering wider value than just procurement savings.

Current feasibility studies for shared services include but are not limited to:

- GIS;
- ICT strategy and services;
- Joint software support;
- High speed fibre network services;
- Digitalisation Services;
- Accounts payable processing;
- Collaboration Portal;
- Archive services;
- Health and safety;
- Radio-telephony;
- IT datacentre/hosting;
- Regional waste facilities strategy
- Diversion of putrescible waste from landfill
- Waste collections licensing and data.

Other shared services may be provided after the Board has considered each individual business case and formally agreed to take on and deliver (or host/procure etc.) the shared service.

Joint procurement opportunities will continue to be identified and developed with individual councils engaging under the opt-in principle established by the Board. Joint procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

The Board supports BOPLASS continuing to develop collaboration opportunities outside of the regional boundaries. BOPLASS will continue to proactively explore opportunities to partner with other Local Authorities and shared services organisations within New Zealand where they are developing, or considering developing, cost effective shared services and products that are of value to the Bay of Plenty and Gisborne councils.

BOPLASS development of the Collaboration Portal for the sharing of information on shared services or joint procurement opportunities within the constituent councils has identified a number of duplicate projects across councils that present an opportunity for further collaboration. The BOPLASS Collaboration Portal is now used by other LASS and councils and provides an opportunity to assist with the identification and management of inter-regional collaboration opportunities. BOPLASS will continue to develop the Collaboration Portal and make it available to the wider local government community.

The BOPLASS Operations Committee will continue to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation. The committee members will also be responsible for identifying additional BOPLASS projects that add value to the shareholding councils and advocating these projects within their respective councils.

6 PERFORMANCE TARGETS

To ensure the company continues to operate effectively in both governance and management terms over the next three years the current SOI targets are to:

- Investigate new joint procurement initiatives for goods and services for BOPLASS councils.
- Provide support to BOPLASS councils that are managing or investigating shared services projects.
- Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.
- Ensure appointed vendors remain competitive and continued best value is returned to shareholders.
- Complete an independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.
- Communicate with each shareholding council at appropriate levels.
- Ensure current funding model is appropriate.

The Board believes that all targets are being achieved or are on-track to be achieved, as is demonstrated by the following list of current initiatives.

7 CURRENT INITIATIVES

The following initiatives have been under consideration or operating during the first part of the year:

HIGHLIGHTS

- Infrastructure Insurance – BOPLASS recently represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance in the London markets. With a total insured value of \$31.5 billion significant leverage was obtained and, despite recent claims, increased limits and higher insured values for the BOPLASS councils, very competitive pricing was received at rates up to 30% cheaper than had councils insured individually.

The insurance negotiations and placements were supported by loss modelling and risk quantification projects undertaken by the BOPLASS councils in 2017.

BOPLASS is continuing to manage a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government. In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage has also been secured through the London markets.

- Environmental Insurance / Gradual Contamination Insurance – A LASS level project to provide environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st & 3rd party loss and restorative/clean-up costs.
- Media Distribution Services – BOPLASS is investigating opportunities for regional coordination for release and distribution of media notifications through common software and standardisation of services.
- GIS Software – Contracts have continued to be renewed or reviewed with a number of software companies. This has provided significant discounts on the purchase and maintenance of software through leveraging the group buying power and the establishment of common technology standards.
- Multi-Function Devices (printers and copiers) – joint procurement of MFDs resulted in a total upgrade of equipment across all of the BOPLASS fleet, additional functionality and significant cost savings. This common technology platform now supports the future development of collaborative solutions between councils. Current projects for electronic document management, accounts payable, and digitalisation will be developed through utilising this common infrastructure.
- Aerial Photography 2016-18 – A collective tender for BOPLASS councils' ortho-rectified imagery was awarded to AAM NZ Ltd. The contract covers specific areas and requirements within the regional flying calendar. The councils' participation in this collaborative contract has resulted in discounted pricing through the reduced effort required from the contractor, while also delivering a common standard of information across the councils and allowing for central management of the data. The collaborative approach through BOPLASS also resulted in a significant contribution towards the project costs from Land Information NZ.
- Inter Council Network – An initiative with FX Networks/Vocus and the One.Govt consortium providing a 1Gbps fibre connection between the majority of BOPLASS councils. A technology and service review in 2017 has resulted in reduced costs for this foundation service.

- Health and Safety – BOPLASS has investigated and developed a number of health and safety projects often working in conjunction with the Waikato LASS.
 - Contractor Health and Safety Pre-qualification Portal - BOPLASS and Waikato LASS have worked together on further development of the on-line contractor health and safety prequalification scheme and promotion of the scheme to other councils. The Pre-qualification Portal provides a convenient and consistent way for contractors to engage with councils, while also ensuring standardised compliance and simplified and efficient contractor management for council staff.

Development of the portal is a great example of councils working together to address a common issue.
 - Joint development of H&S policies and terms of reference. Sharing of existing H&S procedures or shared development of new procedures. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and governance.
 - Occupational Health Services – a tender is being formed for the appointment of a preferential supplier for occupational health services across BOPLASS councils – providing for cost efficiencies and consistency in service.

- Enterprise Content Management – Several BOPLASS councils are reviewing options for electronic document management. With the majority of councils currently using the same supplier this presents an opportunity for a collective review of options.

- Radio Telephony (RT) strategy – A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in civil defence strategies.

- Solid Waste Management – Opportunities for collaboration in solid waste services have been investigated, with three projects prioritised:
 - A regional or cross-regional approach to licensing and data collection for waste operators
 - Diverting putrescible wastes from landfill
 - A regional facilities strategy

Options for developing these opportunities on a cross-regional basis are under investigation. Further opportunities have also been identified with regional benefits through development of collective services in solid waste minimisation management or the establishment of aligned standards.

- Training – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.

- Internal Audit Services – The collective BOPLASS agreement with KPMG provides for the sharing of information and learnings across the greater group. A Challenges and Insights Panel session has recently been held where council representatives were able to workshop with KPMG the latest thinking and emerging trends in risk, technology and fraud in local government.

- Other LASS – We continue to maintain a close relationship with MW LASS (Manawatu/Wanganui), HBLASS (Hawkes Bay), Waikato LASS and Northland councils and

work on a number of projects together. Identification of further opportunities to share knowledge or collaborate on projects is regularly undertaken.

In addition, there are several other projects either in the formative stage or being reviewed for potential contribution to cost savings, best practice and/or better resource utilisation.

- **Collaboration Portal** – The Collaboration Portal was developed by BOPLASS to provide improved visibility of existing and potential collaboration opportunities across councils and to facilitate effective partnerships. This improved visibility of other councils' workstreams encourages more inter-council collaboration initiatives.

A number of other councils and government organisations are now using the Portal but sharing of information remains fairly low. A project has been undertaken to survey users and reconfigure the Collaboration Portal to encourage a higher level of sharing.

- **Governance Review** – The Board has commenced the process of engaging an independent review of the company's governance. Following an initial assessment of BOPLASS strategy the review has now been extended to cover full organisational strategy and establishing a first principles strategic review before focussing specifically on the governance aspects.

BOPLASS is also investigating the opportunity to share information and independent reports with neighbouring LASS currently undertaking similar reviews.

- **Communication** – BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.
- **Viability of Current Funding Model** – The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.

8 FINANCIAL REPORTS

1. Financial Support and Accounting Services

Accountancy services and support continue to be provided by Tauranga City Council.

2. Accounting Policies

The company is compliant with the accounting policies stated in the Statement of Intent.

3. Tier 2 PBE Accounting Standards Applied

The financial accounts are prepared with application of Tier 2 accounting standards.

4. Financial Reports

Financial Reports for the period to 31 December 2017 are attached.

5. Variations

The organisation is operating within budget and has achieved a reasonable revenue stream for the first half of the year.

Included are the service related payments for services accessed by councils.

Project expenses, and conversely, project recoveries are higher than budget due to additional projects being undertaken by BOPLASS.

Sales of Service revenue is lower than budget due to reduced secondment of the BOPLASS IT Manager to councils for specific IT projects.

ICN expenditure is currently reporting higher than revenue as programmed changes to the ICN, and the associated cost reductions, could not be implemented by suppliers in the expected timeframes. The additional cost will be recovered in Q3 and Q4.

Aerial photography expenses are less than budget due to delays in capture from the supplier.

9 STAFFING, ACCOMMODATION AND SUPPORT

Staff

Staffing levels are unchanged with a part-time administrator continuing to provide additional project support and management of existing activities.

Accommodation and Support

We continue to appreciate the office space provided at Tauranga City Council and the support that is offered for IT and Accounting services. Although there is a monthly fee there is still a contribution in kind.

BOP LASS LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE MONTH ENDED 31 DECEMBER 2017

	Actual YTD	Budget YTD	Total Budget	YTD Variance
REVENUE				
Revenue - Core	\$156,503	\$197,755	\$335,510	(\$41,252)
Bank Interest Received	\$348	\$1,000	\$2,000	(\$652)
Council Contribution	\$136,757	\$136,755	\$273,510	\$2
Sales of Service	\$19,398	\$60,000	\$60,000	(\$40,602)
Revenue - Projects	\$822,285	\$688,250	\$1,376,500	\$134,035
Aerial Photography Income	\$182,453	\$150,000	\$300,000	32,453
Bank Interest Received	1,265	\$8,250	\$16,500	(\$6,985)
Collaboration Portal	\$64,577	\$62,500	\$125,000	\$2,077
Lease Income - ICN	\$90,470	\$140,000	\$280,000	(\$49,530)
Lease Income - Video Confer.	\$17,545	\$6,500	\$13,000	\$11,045
Recoveries	\$461,957	\$315,000	\$630,000	\$146,957
Rebates	\$4,018	\$6,000	\$12,000	(\$1,982)
Total Operating Revenue	\$978,788	\$886,005	\$1,712,010	\$92,783
EXPENSES				
Expenditure - Core	\$210,156	\$255,900	\$460,300	(\$45,744)
ACC	\$785	\$750	\$1,500	\$35
Accommodation & Travel	\$82	\$750	\$1,500	(\$668)
Accounting & Audit	\$1,281	\$17,500	\$17,500	(\$16,219)
Administration	\$19,313	\$24,000	\$24,000	(\$4,687)
Amortisation	\$6,686	\$10,700	\$21,400	(\$4,014)
Bank Fees	\$313	\$400	\$400	(\$87)
Catering & General Expenses	\$902	\$1,000	\$2,000	(\$98)
Conferences	\$1,350	\$1,000	\$2,000	\$350
Depreciation	\$445	\$0	\$0	\$445
Directors Costs	\$6,643	\$9,000	\$18,000	(\$2,357)
Fringe Benefit Tax	\$2,860	\$3,900	\$7,800	(\$1,040)
Health & Safety	\$0	\$500	\$1,000	(\$500)
Insurance	\$7,146	\$8,000	\$8,000	(\$854)
Interest Paid – TCC Loan	\$844	\$1,000	\$1,000	(\$156)
Legal	\$0	\$1,000	\$2,000	(\$1,000)
Postage & Stationery	\$0	\$50	\$100	(\$50)
Salaries	\$159,324	\$162,500	\$325,000	(\$3,176)
Salaries – C'Portal Opex	(\$9,493)	\$0	\$0	(\$9,493)
Staff Support Costs	\$9,245	\$10,000	\$20,000	(\$755)
Staff Training Costs	\$0	\$1,000	\$2,000	(\$1,000)
Subscriptions	\$980	\$600	\$600	\$380
Tax Advice	\$1,450	\$2,250	\$4,500	(\$800)
Write Off reconciliations	\$0	\$0	\$0	\$0
Expenditure - Projects	\$786,079	\$625,855	\$1,251,710	\$160,224
Aerial Photography Expense	\$139,292	\$150,000	\$300,000	(\$10,708)
Collaboration Portal Opex	\$29,259	\$34,550	\$69,100	(\$5,291)
Lease Expense - ICN	\$135,964	\$135,000	\$270,000	\$964
Lease Expense – Video Confer.	\$14,902	\$6,305	\$12,610	\$8,597
Projects - Recoveries	\$466,662	\$300,000	\$600,000	\$166,662
Total Operating Expenditure	\$996,235	\$881,755	\$1,712,010	\$114,480
Operational Surplus / (Deficit) before Tax	(\$17,447)	\$4,250	\$0	(\$21,697)

BOP LASS LTD
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 2017

	Actual YTD
Current Assets	
Accrued Revenue	\$0
Cheque Account	\$74,440
Prepayments	\$12,513
Trust A/c Aerial Photography	\$563,350
Trade Debtors	\$95,176
Term Deposit – 180 days	\$200,000
Term Investment – 1 Year	\$300,000
Withholding Tax	\$10,228
Total Current Assets	\$1,255,707
Non-current assets	
Amortisation	(\$40,374)
Computer equip at cost	\$2,779
Computer equip depreciation	(\$556)
Intangible - Computer Software	\$62,891
Office equip at cost	\$0
Office equip depreciation	\$0
Total Non-current assets	\$24,740
TOTAL ASSETS	\$1,280,447
Current Liabilities	
Accrued Expenses	\$0
Accrued Salaries and Wages	\$4,243
GST Collected	\$2,083,134
GST Paid	(\$1,621,813)
GST Payments/refunds	(\$462,680)
Income in Advance	\$1,090,996
PAYE Accruals Payable	\$7,694
Retentions	\$44,342
TCC Loan	\$0
Trade Creditors	\$101,428
Total Current Liabilities	\$1,247,344
TOTAL LIABILITIES	\$1,247,344
NET ASSETS	\$33,103
Equity	
Current Year Earnings	(\$17,447)
Retained Earnings	(\$48,451)
Share capital	\$99,002
TOTAL EQUITY	\$33,103

APPENDIX 3

Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Statement of Intent 2018-2021 - Cover Letter

"COUNCILS PARTNERING FOR VALUE AND SERVICE"



23 February 2018

Mary-Anne Macleod
Chief Executive Officer
Bay of Plenty Regional Council
PO Box 364
WHAKATANE 3158



BOPLASS Ltd
C/- Tauranga City Council
Willow Street
Tauranga

PO Box 13056
Tauranga Central
Tauranga 3141
Phone 07 577 7342
www.boplass.govt.nz

Dear Mary-Anne,

The primary document setting out the company's strategic direction is the Statement of Intent which is required to be consulted on and approved by Directors each year. Schedule 8 (9) of the Local Government Act 2002 sets out the content of the document which must cover the next three financial years.

A formal draft document has been approved by the Board for circulation to Shareholders by 1 March 2018. Following the two months allowed for submissions the Directors must consider any submissions made by Shareholders and approve a final document by 30 June 2018.

The approved draft is attached and is now circulated for Shareholder comment. The council's Chief Executive is the Shareholder representative and will be responsible for representing the views of the council to the Board in writing prior to 30 April 2018.

We believe that the document realistically deals with the challenges facing the company, identifies ways in which it can contribute value to its constituent councils and reflects an awareness of the challenges facing Local Government.

We look forward to any submissions your council wishes to make.

Yours sincerely,

Stephen Boyle
BOPLASS Ltd

APPENDIX 4

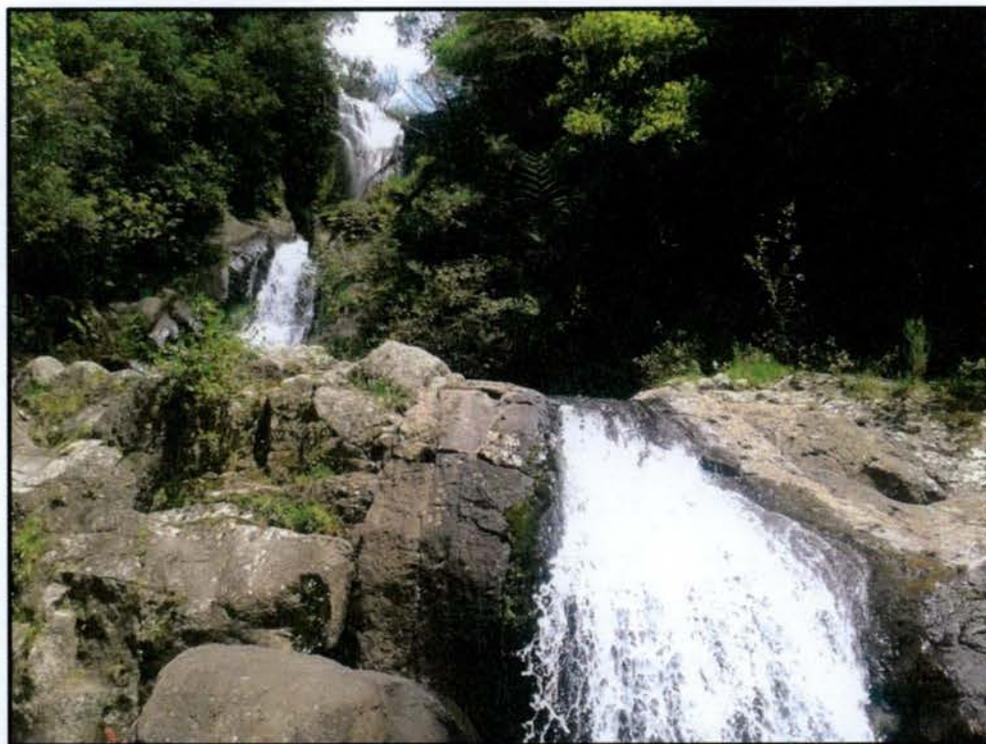
Bay of Plenty Local Authority Shared Services - BOPLASS Ltd - Statement of Intent 2018 - 2021 - DRAFT

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26 FEB 2018
BOP Regional Council



BOPLASS Ltd

STATEMENT OF INTENT FOR 2018-2021



June 2018

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

1 Introduction

This Statement of Intent (SOI), developed under Schedule 8 of the Local Government Act 2002, is:

- A public declaration of the activities and intentions of BOPLASS Ltd and the objectives to which those activities will contribute.
- Provides an opportunity for the shareholders to influence the direction of BOPLASS Ltd, and
- Provides a basis for the accountability of the Directors to the Shareholders for the performance of BOPLASS Ltd.
- This Statement of Intent covers BOPLASS Ltd and any subsidiary company established in pursuance of the objectives herein.

2 Background

The councils that operate within the Bay of Plenty and Gisborne Regions have formed a CCO to investigate, develop and deliver Shared Services, Joint Procurement and communications where and when that can be done more effectively for any combination of some or all of the councils.

The expected benefits that can be achieved through Shared Services are:

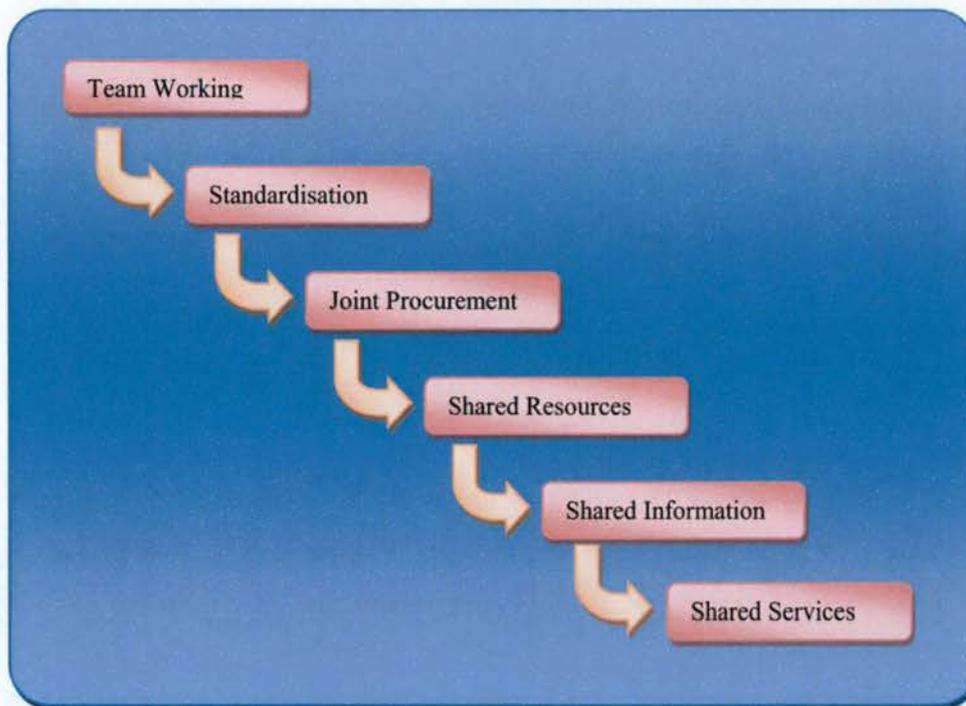
- improved levels and quality of service;
- a co-ordinated and consistent approach to the provision of services;
- reductions in the cost of support and administrative services;
- opportunities to develop new initiatives;
- economies of scale resulting from a single entity representing many councils in procurement;

These benefits and opportunities can apply to all councils irrespective of location or size.

Business processes, information architectures and functional tools differ in each council to varying degrees. It is not therefore possible to create Shared Service solutions instantly for these services. The BOPLASS strategies facilitate a journey of progressive development using the approach identified in the BOPLASS Strategy and Action Plan to:

- Enhance the capability to provide Shared Services,
- Encourage the elimination of barriers to collaborative action and
- Provide Shared Services that deliver viable business cases.

A generic sequence or stages of collaboration between multiple councils is followed to develop Shared Services, as shown in Figure 1.



Many of the BOPLASS Joint Procurement projects have supported the development of standard products, services or solutions across the councils. These standards assist in creating a foundation for the delivery of Shared Services within the councils.

Examples of procurement and projects to support the delivery of Shared Service have been:

- Establishment of 1GB fibre Inter Council Network (ICN)
- Information Services Strategic Plan
- GIS ESRI enterprise agreement
- GIS software standardisation
- Security and technology policies
- Data centre and hosting services
- Electronic purchasing
- Reprographic equipment

- Aerial photography
- Voice and data services
- Video conferencing
- IT applications and software
- Collaboration Portal
- Historic aerial imagery archiving
- After hours call management
- Health and Safety
- Internal audit services
- Solid waste services

3 **Our Vision**

"COUNCILS PARTNERING FOR VALUE AND SERVICE"

4 **Objectives of BOPLASS Ltd**

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

5 **Nature and Scope of Activities**

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Establish the underlying technology, framework, platform and policies to enable and support the delivery of Shared Services.
- Use Joint Procurement to add value to goods and services sourced for its constituent councils.

- Facilitate Shared Services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

6 Governance

BOPLASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent, and the provisions of the Companies Act 1993 and the Local Government Act 2002.

The Company is governed by its Directors. To ensure total synergy between the Company's activities and its council shareholders' activities, nine Directors are also the current Chief Executives of their respective shareholding councils. The dual roles recognise the interdependence of BOPLASS and its councils in the undertaking of its activities.

The Board also includes an independent Chair, appointed with specific skills and knowledge to add incremental value. This appointment brings experience and specialist skills that are complementary to those held by the other Directors.

Shareholder	Appointed Director
Bay of Plenty Regional Council	Mary-Anne Macleod
Gisborne District Council	Nedine Thatcher Swann
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua Lakes Council	Geoff Williams
Taupo District Council	Gareth Green
Tauranga City Council	Garry Poole
Western Bay of Plenty District Council	Miriam Taris
Whakatane District Council	Marty Grenfell
Independent Director and Chair	Craig O'Connell

A sub-committee of council delegates has been established by the Directors as an Operations Committee to manage responsibility for regular monitoring and governance of operational aspects of BOPLASS projects, allowing the Board to primarily focus on supporting the strategic development of the organisation.

Each activity or project is managed by an Advisory Group, nominated by the shareholding councils in that particular service. The Board retains the right to approve nominations to the Advisory Groups and all of their material decisions – there is only one Board of Directors and that remains at the umbrella or holding company level.

The Board has established a principle that participation in each initiative is decided by individual councils on an 'opt in' basis.

Each Shared Service is subject to a formal service level agreement between BOPLASS Ltd and the participating councils, outlining the services and activities provided, where, when and how; and reflecting the capital and operational costs being met by each service shareholder.

Joint Procurement initiatives consistent with their nominated role may be undertaken by any advisory group as approved by the Operations Committee. In considering Joint Procurement initiatives the Company will take into account the opportunities available through All of Government (AoG) purchasing arrangements and, where there is demonstrated benefit to the Company or its constituent councils, support such initiatives. In assessing the benefits of a Joint Procurement initiative, opportunities for integration shall be considered. The Board has recognised that the availability of All of Government Procurement options has the potential to impact on BOPLASS' ability to provide procurement options in some categories.

Subject to the approval of shareholders in accordance with the shareholder agreement the Directors may decide that a particular activity is best managed as a subsidiary company and proceed accordingly. Any subsidiary company whose objectives are in accordance with the objectives set out in this Statement of Intent shall not be required to have a separate Statement of Intent.

7 Future Developments

BOPLASS Ltd will continue to work on business cases for Joint Procurement and Shared Services that may be provided in the region.

BOPLASS Joint Procurement opportunities will be actively pursued to ensure maximum savings and benefits continue to be delivered to the participating councils through existing and new contracts.

Joint Procurement initiatives will be considered by the Board and/or its advisory groups where there is demonstrated support from two or more member councils.

Identification of Shared Service opportunities and the development of existing services will continue as a priority, with councils participating on an opt-in basis. The Board will be looking for commitment from councils to participate in Shared Services and to provide a lead in the identification and management of Shared Services projects.

BOPLASS will also proactively explore opportunities to partner with other local authorities and Shared Services organisations within NZ where they are either developing or considering developing cost effective Shared Services or Joint Procurement initiatives involving products or services that are of value to the BOPLASS councils.

The Collaboration Portal, established by BOPLASS for the sharing of information on Shared Services or Joint Procurement opportunities, has been made available to the wider local government community to provide better visibility of common projects and to encourage further cross-regional collaboration. BOPLASS will continue to market the benefits of inter-region collaboration and assist other councils through providing support and access to the Collaboration Portal.

ICT Shared Services strategy:

BOPLASS has previously been involved in an information services strategy that included an intention to align the member councils' ICT back-office systems as one. This presented an opportunity for standardised in-house IT systems and processes. Although there is no Enterprise Application across all the BOPLASS councils, there has been a certain amount of alignment of systems. For example, eight of the nine BOPLASS councils now use Objective as their electronic document and records management system (EDRMS) system and all councils use ESRI ArcGIS as their GIS platform, along with various GIS add-on packages procured through BOPLASS.

The goal of one-system for all has not been able to be achieved for a number of reasons; primarily being the changes in technology, along with the impact and disruption to council business, plus the cost to change to one-system.

Taking the example of Auckland Council, one of the goals of the amalgamation was to bring all the ICT systems into one-system. However the cost to do this has increased greatly from what was originally estimated, and progress has proved difficult.

There are a number of avenues being explored by BOPLASS and the councils to provide a one-system solution without the need to overhaul all council systems. This can now be achieved through using "middleware" solutions that provide a link from the council application to a shared platform. For example, although councils may have the same GIS software, due to historic council naming schemas for infrastructure it is difficult to combine all council GIS systems. Through using middleware software that provides a "translation" of schemas the information can

be converted without councils needing to change their underlying technologies, which in turn can assist with the delivery of a single platform to the public and for inter-council sharing.

With the advent of cloud services, such as Infrastructure-as-a-Service (IaaS) and Office365, there is scope for councils' services to still be independent but use the same underlying infrastructure, which in turn has the potential to lead to the development of Shared Services.

The BOPLASS Collaboration Portal project is an example of this. The Regional Councils also have a similar project with similar requirements for their member councils. Both projects are delivering their respective solutions as independent services, but they are using the same underlying cloud solution on the Office365 platform and sharing the costs, administration, etc. As these separate instances are using the same platform, this also provides the potential for both of these projects to join in the future as one solution.

BOPLASS will continue to explore opportunities for councils to develop ICT solutions using middleware and cloud technologies that allow for future sharing and the development of Shared Services without the wholesale replacement of IT systems.

Where it is practicable, BOPLASS will work with other LASSes or councils in developing shared service ICT strategies and/or leverage off, or participate in services established by other collective local government groups.

8 Stakeholder Engagement

BOPLASS recognises the ambitious plans our constituent councils have for their communities and endeavours to support these aspirations through:

- Regular engagement at project, management and governance level
- Including councils' short, medium and long-term goals within BOPLASS planning
- Using quality information from councils to guide our decision-making
- Identifying and developing services that directly benefit councils and/or their communities
- Monitoring councils' future plans and remaining agile to change to include these aspirations in our own planning
- Regularly communicating to ensure stakeholders are aware of what we are doing and why we are doing it
- Involving councils in our decision-making and planning

9 Performance Targets

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20% per year. Number of Team Sites to increase by 20% per year. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform review of BOPLASS governance.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

9 Balance Sheet Ratios

The Local Government Act 2002 Schedule 8 (9) requires the SOI to include the projected ratio of shareholders' funds to total assets within the Forecast Statement of Financial Position. As at 30 June 2017 the consolidated Shareholder funds comprised \$50,551 and the total assets were \$995,625. The resulting ratio is 5.1%.

As asset owning Shared Services are approved, the Board will, if appropriate, provide a mechanism for the recognition of each council's contribution.

10 Accounting Policies

10.1 Statement of Accounting Principles

The Company will adopt accounting practices that comply with NZ IFRS, the requirements of the LGA and the Financial Reporting Act 1993.

10.2 IPSAS Accounting Standards

As a Public Sector Public Benefit Entity (PS PBE), the Company has elected to report using International Public Sector Accounting Standards for Public Benefit Entities under Tier 3 PBE standards.

10.3 Measurement Basis

The Company will follow generally accepted international accounting principles for reporting of earnings and financial position.

10.4 Specific Accounting Principles

The following are principles which will have a significant effect on the measurement of financial position:

- Accounts Receivable are stated at their expected realisable value after writing off any known bad debts and providing for doubtful debts.
- Investments are valued at the prevailing market value.
- Fixed assets are recorded at cost, less accumulated depreciation.
- Any liability for overseas funding of equipment, systems or services is based on the prevailing exchange rate as at balance date.
- Where intangible assets are purchased, such as intellectual property, these are capitalised and written off on a straight line basis over their expected life, but no greater than four years.

- All assets are depreciated over their expected useful lives. Depreciation is provided on a diminishing value basis over the estimated useful life, at the same rate as is allowed by the Income Tax Act 1994.
- It is not envisaged that the Company will hold inventories, other than those that might relate to providing information services to a number of parties. They will be valued at net realisable value.
- Taxation will be provided as required in line with relevant legislation.
- In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the office of the Auditor General will be responsible for the audit of the Company's financial statements.

11 Distributions to Shareholders

The Company is not expected to make profits that would ordinarily be distributed by way of dividends. Any surplus funds (after tax) remaining from an activity or the annual operations of the Company shall be carried forward to the ensuing year and may be used to reduce service costs, invest in further developing other services, and/or as the Directors may decide.

12 Information to be Provided to Shareholders

The Company will deliver the following statements to shareholders:

- On a three monthly basis the Financial Position and Cashflow.
- Within two months of the end of the first half of the financial year: Financial Performance and Financial Position.
- Within three months of the end of the financial year the following audited statements: Financial Position, Movements in Equity, Cashflows, Service Performance plus a summary of how the Company has tracked against its objectives and prospects for the next financial year, and a report on the Company's medium to long term plans.
- Six monthly summaries of project activities included in Half Yearly and Annual Reports.

13 Procedures for the Purchase and Acquisition of Shares

The Board will give approval before BOPLASS Ltd subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the group.

14 Activities for Which the Board Seeks Compensation

The ongoing activities to identify, develop, procure Shared Services will be budgeted for in advance, subject to a business case and either funded by individual councils without BOPLASS Ltd involvement, or agreed by the Board to be funded by BOPLASS Ltd with consequent recovery from participating councils.

Shareholding councils will make a contribution to the operational costs of the Company on an annually agreed basis.

The Company will also seek contributions by way of a levy or administration charges on services provided or administered. In determining an appropriate charge, the Directors may take into account the cost of running the Company, its future operational requirements, the nature and cost of the service provided, benefits achieved and councils' ability to pay.

The Company may provide services (at a cost recovery or a cost plus basis) to other non-shareholding councils within or beyond the region. Any surplus from such activity will be used to either reduce service costs and/or invest in further developing of that or other services, as agreed by the Advisory Group and by the Board.

15 Value of Shareholder's Investment

The Directors estimate that, at this stage, BOPLASS Ltd has little or no commercial value. As each shareholder's investment in BOPLASS Ltd is less than \$20,000, the Board believe that that fairly represents the value of their investment. The Directors will reassess the value of this shareholding on or about the 1st of March each year.

16 Financial Forecasts

The Forecast Financial Statements for the years 2018-2021 are included. The budget is not adjusted for inflation.

Core revenue includes the recovery of costs for BOPLASS salaried staff when seconded to individual council projects.

The Aerial Photography revenue/expenses reflects the flying programme determined by the participating councils which includes interim flying programmes and extensive region-wide flying programmes over the next five years.

A continued increase in Recoveries has been forecast to reflect the direct recovery of purchases made on behalf of councils through Joint Procurement projects.

It is the company's intention to always fully recover costs incurred on behalf of participating councils.

Appendix A

SOI Forecast 2018/21				
	Budget 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/2021
REVENUE				
Revenue - Core	\$335,510	319,510	329,510	329,510
Bank Interest Received	\$2,000	1,000	1,000	1,000
Council Contribution	\$273,510	273,510	273,510	273,510
Sales of Service	\$60,000	45,000	55,000	55,000
Revenue - Projects	1,376,500	1,563,500	1,251,500	1,249,500
Aerial Photography Income	300,000	600,000	300,000	300,000
Bank Interest Received	16,500	16,500	16,500	16,500
Collaboration Portal	125,000	100,000	90,000	90,000
Lease Income - ICN	280,000	175,000	175,000	175,000
Lease Income - Video Confer.	13,000	13,000	13,000	13,000
Rebates	12,000	9,000	7,000	5,000
Recoveries	630,000	650,000	650,000	650,000
Total Operating Revenue	1,712,010	1,883,010	1,581,010	1,579,010
EXPENSES				
Expenditure - Core	460,300	440,400	438,400	436,400
ACC	1,500	1,500	1,500	1,500
Accommodation & Travel	1,500	1,500	1,500	1,500
Accounting & Audit	17,500	17,500	17,500	17,500
Administration	24,000	24,000	24,000	24,000
Amortisation	21,400	12,000	10,000	8,000
Bank Fees	400	400	400	400
Catering Expenses	2,000	2,000	2,000	2,000
Conferences	2,000	2,000	2,000	2,000
Depreciation	0	0	0	0
Directors costs	18,000	18,000	18,000	18,000
Fringe Benefit Tax	7,800	7,000	7,000	7,000
Health and Safety	1,000	1,000	1,000	1,000
Insurance	8,000	8,000	8,000	8,000
Interest Paid - TCC Loan	1,000	1,000	1,000	1,000
Legal	2,000	2,000	2,000	2,000
Salaries	325,000	325,000	325,000	325,000
Salaries - C'Portal Opex	0	-10,000	-10,000	-10,000
Staff Support Costs	20,000	20,000	20,000	20,000
Staff Training Costs	2,000	2,000	2,000	2,000
Subscriptions	700	1,000	1,000	1,000
Tax Advice	4,500	4,500	4,500	4,500
Expenditure - Projects	1,251,710	1,442,610	1,142,610	1,142,610
Aerial Photography Expense	300,000	600,000	300,000	300,000
Collaboration Portal Opex	69,100	40,000	40,000	40,000
Lease Expense - ICN	270,000	170,000	170,000	170,000
Lease Expense - Video Confer.	12,610	12,610	12,610	12,610
Projects - Recoveries	600,000	620,000	620,000	620,000
Total Operating Expenditure	1,712,010	1,883,010	1,581,010	1,579,010
Operational Surplus/ (Deficit) before Tax	0	0	0	0

Completed Joint Procurement Projects

Requiring ongoing management for performance, renewal or replacement

- × Office supplies
- × Banking
- × Postal services
- × Courier services
- × Fuel
- × Advertising services
- × Travel and accommodation services
- × Air travel
- × Insurance brokerage
- × Aerial photography
- × N3 / GSB
- × ESRI licences
- × GIS software
- × Health insurance
- × Antivirus software
- × Video conferencing
- × GPS vehicle tracking
- × Archaeological services
- × Telephony – voice, data, mobile
- × Reprographic – printers/copiers
- × Infrastructure insurance
- × Media monitoring services
- × EFTPOS services
- × Historical imagery digitisation
- × On-line services
- × Internal audit services
- × Health and safety training services
- × Risk management workshops

Identified Joint Procurement Projects

- × Civil works contracts
- × Civil works materials
- × Infrastructure valuation services
- × High volume print
- × Web services
- × Electronic document management
- × Archives
- × Document storage
- × Document scanning
- × Agenda management software
- × ICT security policies
- × Business continuity
- × IT applications
- × Web services
- × Rates collection
- × Property valuation services
- × GIS software
- × Telephony platform
- × Chemicals
- × Digital signatures
- × Recruitment/candidate management
- × Surveys and research
- × CCTV monitoring
- × EMA membership
- × Security services
- × Fleet purchasing
- × Fleet Management
- × Environmental insurance

Shared Service Projects

Managed by BOPLASS or by one or more constituent councils

- × IT hosting / datacentre
- × Internal audit services
- × GIS web services
- × Project management office
- × Shared licence server
- × Contractor H&S prequalification
- × Radio telephony strategy
- × Collaboration portal
- × After hours call management
- × Archive service
- × Health and safety auditing
- × Inter-council network
- × Smart cities
- × Section 17A reviews – Joint service reviews, cost effectiveness reviews, identification of opportunities for collaboration in delivery of services in accordance with s17A LG Act 2002
- × Video conferencing
- × GIS imagery data storage
- × Solid waste services
- × Historic aerial imagery
- × Licensing and data collection for waste operators
- × Diversion of putrescible waste from landfill
- × Regional waste facilities strategy

Shared Service Projects for Consideration

- × Rates Collection
- × Geospatial services
- × Joint software support
- × Asset Management
- × Web services
- × E-Purchasing
- × Payroll
- × Telephony platform
- × Consents Processing
- × CCTV monitoring
- × Information Services
- × Debt collection
- × Electronic Document and Records Management System
- × Business continuity planning
- × Infrastructure development codes
- × Inter-council H&S audits
- × Document digitalisation

Receives Only – No Decisions



Report To: Regional Council

Meeting Date: 29 March 2018

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

Indicative Council Consultation and Engagement 2018-2019 Calendar

Executive Summary

This report is to inform Council of current and planned formal consultation processes as well as to note other less formal consultation/engagement occurring currently or indicated in the near future.

It is noted that there has been an increase in Council engaging with community (community within this report is inclusive of iwi/hapū). This increase has occurred both within statutory and non-statutory processes.

It is largely driven by increased legislation and expectations of Central Government, community and councillors e.g. the changes to the National Policy Statement for Freshwater Management (NPS-FM), growing awareness and capability of iwi/hapū and community, the wish of Council to engage more fully for example as on the Long Term Plan (LTP).

Through this we have seen increased numbers engaging with Council such as:

- 417 people telling us how to spend their rates money on their preferred Community Outcome in our LTP at the Happy Harbour Fun Day (100 people joining in at the Kawerau Market)
- NPS-FM Freshwater Futures Community Groups committing to 2 years of engaging for their waterways.

There has also been increased awareness of the benefits to Council of engaging consistently, early and often with our community.

Community engagement helps council to make more informed decisions, builds support for outcomes through transparent decision making process and encourages active participation in issues facing our region.

Recommendations

That the Regional Council:

- 1 Receives the report, Upcoming Council Consultations;**

1 Purpose

Council has requested an overview of consultation and engagement being undertaken (or planned to be) with our community.

The *Indicative Consultation and Engagement Calendar 2018-2019* (see Appendix 1), is an evolving indicative calendar of known consultation/engagement at this time. This calendar is an overview of the more indepth information included in work developed as part of the Public Consultation and Engagement project.

The 2018-2019 Upcoming Consultation calendar focusses on the more formal consultation and engagement events aligned to the plan/policy/strategy changes. It also includes consultation and engagement being undertaken on the large projects Council has e.g. Kopeopeo Canal.

The calendar does not include the “Business as Usual” engagement that occurs throughout the year.

2 Implications for Māori

Whilst Māori want to be part of the decision making within Council, the capacity to undertake this is for many iwi/hapū limited. To support tangata whenua in this, all engagement should take into account other commitments hapū/iwi may have. In the Kōhī constituency for example, there are three Treaty settlements underway which are currently having an impact on hapū and iwi resources.

In many respects engagement processes should be planned around hapū and iwi availability, or, a greater focus placed on building relationships that would inevitably reduce the need to have project based engagement activities.

He Korowai Mātauranga is expected to be rolled out across Council in 2019. Of note a relationship strategy will be one of the tools teams will be expected to adopt. The strategy builds in flexibility and increases the opportunity for tangata whenua to make a meaningful contribution.

In addition to this initiative, there is an expectation that council will receive more Mana Whakahono a Rohe invitations over 2018. A component of these agreements concerns how iwi would like to be engaged. In this regard, the current approach to engagement should be reviewed and considered against the matters outlined in this section.

Council needs to recognise and provide opportunities across Council Activities ensuring cross collaboration between council teams. To this end we believe that a well maintained Upcoming Consultation and Engagement calendar will support this.

3 Council's Accountability Framework

3.1 Community Outcomes

This project/proposal directly contributes to the all our Community Outcome/s in the council's Long Term Plan 2018-2028. This is through listening to our community, considering their values, long term views and priorities along with working collaboratively and cohesively with others.

3.2 Long Term Plan Alignment

This work is planned across Council Activities in the Long Term Plan 2015-2025. This is a legislative requirement as outlined in Statutory Requirements.

Current Budget Implications

This work is being undertaken within the current budget for Activities across Council in the Annual Plan 2017/18.

Future Budget Implications

Future work is provided for in Council's Long Term Plan 2018-2028 within each relevant Activity.

Kerry Gosling
Community Engagement Team Leader

for General Manager, Strategy & Science

12 March 2018

APPENDIX 1

Indicative Consultation and Engagement 2018-2019 Calendar

INDICATIVE CONSULTATION AND ENGAGEMENT 2018-2019 CALENDAR

	Team	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
RESOURCE MANAGEMENT ACT																		
National Policy Statement																		
Future Development Strategy	Regional Integrated Planning (RIP)		Targeted stakeholders, Iwi, SG forums	Consultation (LGA SCP)	Submissions	Hearings - Deliberations		Publish										
Regional Policy Statement																		
PC4 Tauriko West Urban	RIP			end April-early June														
PC5 Kaituna River	RIP										Notified							
PC6 Tauranga Moana	RIP	commencing	TBC															
Natural Hazard Implementation	RIP + TAs			Hazard specific - for Landowners and residents														
Regional Natural Resources Plan																		
PC9 Regional Water Quantity	Water Policy	Hearings																
PC10 L Rotorua Nutrient	Water Policy	Hearings																
PC11 Geothermal	Natural Resources Policy (NRP)		Tangata whenua Apr-Aug S/holder June-Sept						Draft Plan	Proposed Plan								
PC12 FWF Rangitāiki/Kaituna	Water Policy	<u>Community Group</u> - April, June, late August/early September <u>Tangata whenua engagement</u> - May - July 2018 + Iwi targeted meetings <u>Public</u> - September/October																
PC13 Air	NRP		further submissions															
PC14 Matatā OSET	RIP			Matatā land owners/residents														
PC15 FWF Rotorua	Water Policy																	Iwi - initial conversations
PC16 FWF Tauranga	Water Policy																	Iwi - initial conversations
LOCAL GOVERNMENT ACT																		
Long Term Plan 18-28	Finance&Corporate	Submissions	Hearings	Deliberations	Adopted													
Floodways & Drainage Bylaw	Rivers&Drainage									Process to be initiated								
OTHER																		
Regional Land Transport Plan <i>Land Transport Management Act</i>	Transport Policy	TLAs, community boards, road users, public																
Regional Public Transport Plan <i>Land Transport Management Act</i>	Transport Policy		TLAs community boards, road users, public															
Bus User Survey <i>NZTA/Annual Plan</i>	Transport Policy			by July bus users, wider public														
River Scheme Sustainability	Rivers&Drainage							Advisory Grps, relevant Iwi						Advisory Grps, relevant Iwi, Community				
Rangitāiki Floodway	Rivers&Drainage	Key Landowners/ stakeholders/ wider community																
Representation Review <i>Local Electoral Act</i>	Governance				Submissions	Hearings	Appeals	Decision										
Regional Pest Management Plan <i>Biosecurity Act</i>	NRP							Submissions										
Ōpōtiki Hazards Risk Management	RIP	Ōpōtiki residents																
Kaituna River Document <i>Tapuika Claims Settlement</i>	Water Policy	Decision	TMoK decide further action - integrated or RPS?															
Economic Use of Water	Science&Strategy Programme		Industry/Landowners/Iwi/TLAs															

