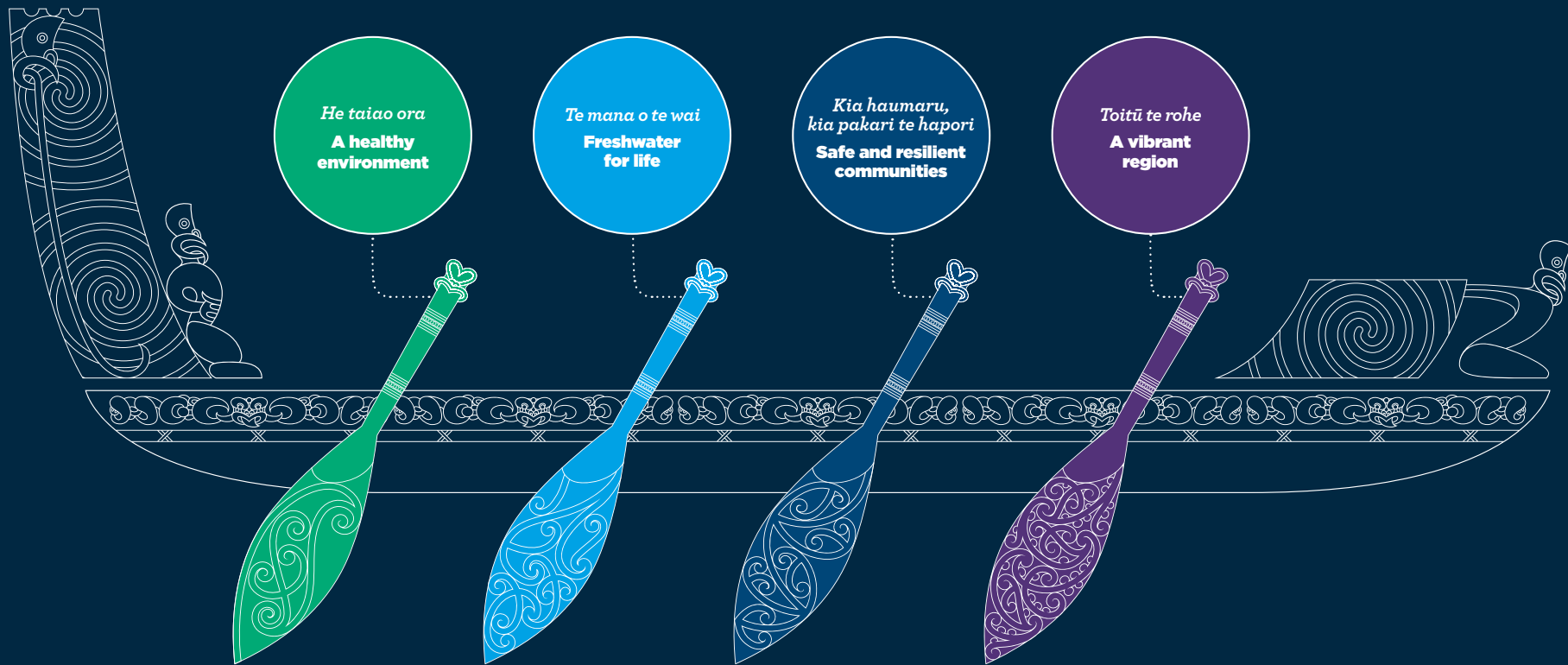




Te pūronga i mua i te pōtitanga 2022

Pre-election Report 2022





He taiao ora
A healthy environment

Te mana o te wai
Freshwater for life

Kia haumarū, kia pakari te hapori
Safe and resilient communities

Toitū te rohe
A vibrant region

Kia hoe ngātahi atu ki te pae tawhiti

Let us paddle in unison to move forward as one, so we may reach the distant horizon

Our journey together is all inclusive, as we strive to reach our aspirations for our region. Our four hoe waka represent our community outcomes, a healthy environment, freshwater for life, safe and resilient communities, and a vibrant region, that will ensure we are successful in achieving our vision. We will work together in unison, and not in isolation for the betterment of our people. May we empower each other to reach our distant horizons, together.

OUR WELLBEINGS



He korowai tiaki taiao
Environmental wellbeing



He korowai aroha
Social wellbeing



He korowai whakamana tangata
Economic wellbeing



He korowai mātauranga
Cultural wellbeing



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Mihi

Mai i Ngā Kurī a Whārei ki Tihirau

Mai i Maketū ki Taupō-nui-a-Tia

Ko te rohe kaunihera tēnei o Toi Moana

Toi te whenua, toi te moana, toi te taiao, toi te iwi

Tihei Mauri ora!

Ko ngā tai o Mihi e rere kau atu ana ki a koutou katoa.

Ko te rohe o Toi Moana he rohe ātaahua,
he rohe ngangahau, he rohe tino hihiri.

Ahakoā ēnā āhuatanga, arā kē atu ngā wero kei mua i a tātou. Ko tā te rīpoata nei, he whakaatu atu i ngā wero me ngā hua, kua ara mai i roto i te wā kua taha ake nei, me ngā āhutanga hei whakamahukitanga mā tatou katoa.

E kiia ana te whakataukī – “Ehara taku toa i te toa takitahi.
Engari, he toa takitini kē

Kua takoto te mānuka, kua riro mā te kaunihera e hiki i te manuka, kia puāwai ngā wawata o te rohe.

Mā whero, mā pango, e oti ai te mahi.

Stretching from Waihi Beach to East Cape

From Maketū to just inland of Lake Taupō

This is the region of the Bay of Plenty Regional Council

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

Tis Life!

Warm and affectionate greetings to you all.

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

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

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

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

Leadership and togetherness sustains our region.



Te timatatanga

Introduction

From the Chief Executive

This pre-election report gives voters and candidates a snapshot of Bay of Plenty Regional Council's programme of work and finances. It sets out the three areas Council are looking to make the most impact with our community and the four Community Outcomes that Council are working towards.

Council's programme of work guides and supports the region's sustainable development and helps to care for our land and biodiversity, our waterways and marine environment. Council works together with individual landowners, tāngata whenua, businesses and industries, local government and central government to deliver this work.

The current local government landscape is particularly changeable. COVID-19 has had substantial economic and social effects on the Bay of Plenty, New Zealand and globally and the impacts of this are expected to be felt for some time.

There are three significant reform and review processes currently underway at the central government level that will have an impact on local government – Three Waters, Resource Management and the Future for Local Government. The reforms are progressing on different timelines and add to an increasingly complex and uncertain operating environment for local government now and post the 2022 elections.

In addition, central government led reform of freshwater management continues to be a priority. Water quality and supply is a global issue that affects us all. Council works collaboratively with iwi, industry and farmers, with households and with other local government agencies to protect and enhance the water quality in our rivers and lakes.

Council recently adopted its Annual Plan for 2022/23 which together with our Long Term Plan 2021-2031 sets out the work we are planning to deliver. In 2022/23 Council have an operating budget of \$175 million and capital budget of \$34 million. Quayside Holdings Ltd, our Council owned investment company continues to make a significant contribution to Council revenue with \$42.4 million contributed to Council revenue in 2022/23. This revenue allows us to reduce the general rates that would otherwise be charged and ensures our community benefits from these investments.

Through the Long Term Plan 2021-2031 and Annual Plan 2022/23, Council has a clear programme of work that will be delivered in partnership with the many people, organisations and iwi who we work and collaborate with across the region. Taking part in this year's election provides an excellent opportunity to help influence the direction of Regional Councils work programme over the next three years.



Fiona McTavish

Chief Executive

Te Rohe o Toi Moana

Our Region

The Council

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

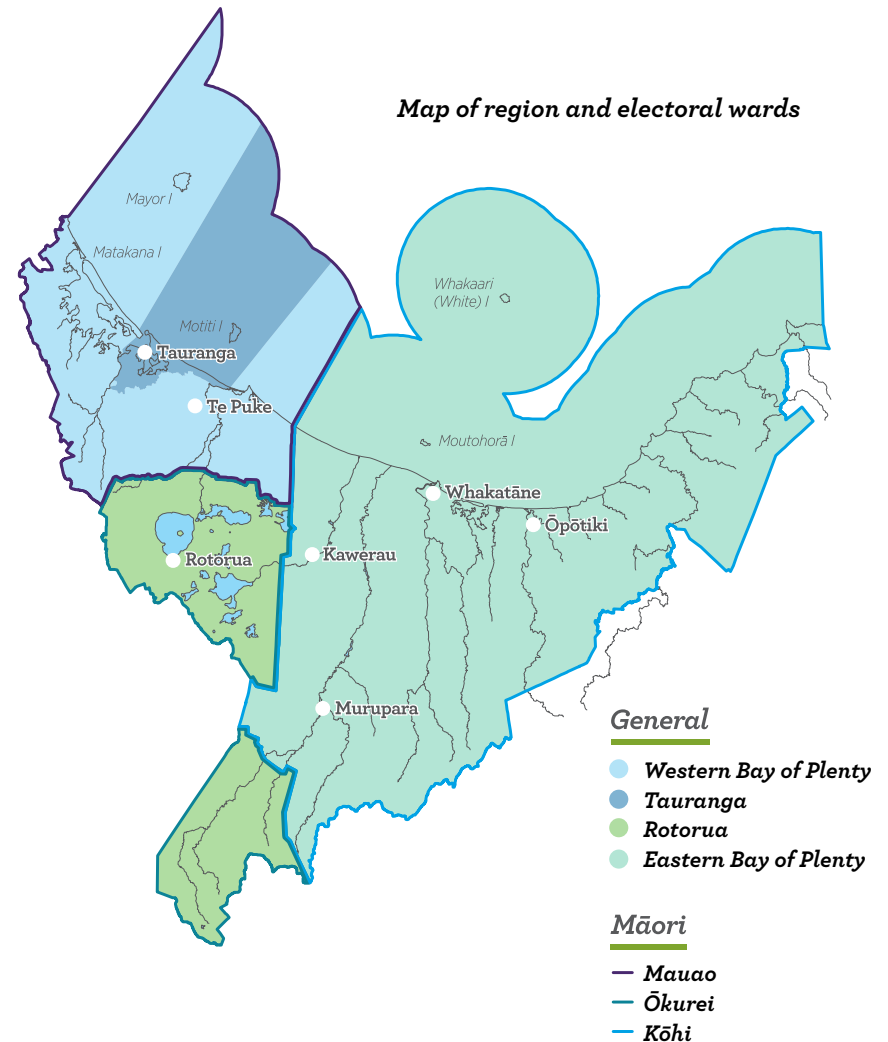
Approximately 460 full-time staff are employed by the Regional Council – working from offices across the region: in Whakatāne, Tauranga, Rotorua, Edgecumbe and Ōpōtiki. Our staff carry out the day to day work of the Council and provide the information and expertise to support our Councillors in making sound decisions for the region.

Our Region

The Bay of Plenty is on the east coast of the North Island of New Zealand. The region takes in the full sweep of the coastline from Pōtikiria in the east, to Waihi beach in the west, and includes 18 offshore islands extending out to the 12 mile nautical boundary. The area of the region is 21,837 square kilometres comprising 12,254 square kilometres of land and 9,583 square kilometres of coastal marine area. Inland, the region extends generally to the ridges of the catchments which drain into the Bay of Plenty. The eight major rivers emptying into the Bay are the Wairoa, Kaituna, Tarawera, Rangitāiki, Whakatāne, Waioeka, Mōtū and the Raukōkore.

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

Map of region and electoral wards





Ngā Tāngata o Toi Moana

Our people

Western Bay of Plenty



Population estimates
195,400

Gender

48% male **52% female**

Ethnicity*

83% European or Other
19% Māori
8% Asian
3% Pacific Peoples

Age Groups

19% 0-14 years
29% 15-39 years
32% 40-64 years
20% 65+ years

Eastern Bay of Plenty



Population estimates
54,230

Gender

49% male **51% female**

Ethnicity*

60% European or Other
52% Māori
3% Pacific Peoples
3% Asian

Age Groups

22% 0-14 years
29% 15-39 years
32% 40-64 years
17% 65+ years

Rotorua



Population estimates
74,800

Gender

49% male **51% female**

Ethnicity*

64% European or Other
40% Māori
10% Pacific Peoples
6% Asian

Age Groups

22% 0-14 years
33% 15-39 years
31% 40-64 years
14% 65+ years

Figures are Statistics NZ estimates 2018
*Multiple answers possible so will total more than 100

Ngā kaupapa e tautokohia e āu reiti

The work your rates help fund



Natives planted for environmental protection

870,000*



Visitors to Regional Parks

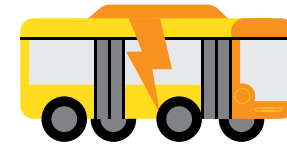
120,000*



Spoke with

14,800*

harbour and lake users to educate them and keep them safe



Number of public transport trips taken

2.66M*

Pollution hotline calls responded to

3,736*



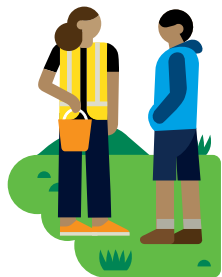
Environmental consent checks

4,861*



Water quality testing sites

270+



Support of volunteer groups

50+



Inspections for pests

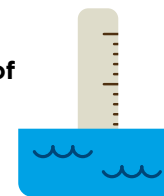
4,725*



Maintaining **380km** of stopbanks for flood protection

Water level monitoring sites to protect against the impact of both flooding and droughts

680+



Catfish removed from Rotorua Te Arawa Lakes

60,000*

* Latest annual figures



Ngā wā whakaaweawe **Impact areas**

As part of our strategic direction in our Long Term Plan we identified eight strategic priorities. Within these we have highlighted three of them as areas where we're looking to make the most impact with our community, with the resources we have, and within the role we're tasked to do by Central Government.

! Partnerships with Māori



The Treaty principles and the partnership upon which it is founded are an established part of our local government framework. As Treaty partners, Māori hold a unique role in shaping and contributing to regional leadership and direction.

Collectively, Māori contribute significantly to the region through ownership of notable assets: economic investment initiatives, participation in co-governance arrangements with councils, and a growing influence in natural resource management.

Council are focused on continuing to work collaboratively with Māori over the next 10 years, as key contributors to strategic direction and leadership in the region.

Further information on how we are working with Māori is available here: www.boprc.govt.nz/your-council/working-with-iwi

! Climate change

On 27 June 2019, Council acknowledged climate change as a serious issue for the region by declaring a climate emergency and making a commitment to work with the community on transitioning to a low carbon future and adapting to our changed climate.

Council's leadership and advocacy roles were acknowledged and commitments were made to:

- Support new and additional community initiatives
- Work with other local authorities as they engage with their communities
- Engage with sectors and industry to find solutions
- Explore ideas and opportunities with others
- Share our information and knowledge

Council adopted a revised climate change action plan for 2021-23 on 4 August 2021, a copy of the plan and further information on Climate Change in the Bay of Plenty is available here:

www.boprc.govt.nz/environment/climate-change/climate-change-overview



! Community participation and constructive relationships

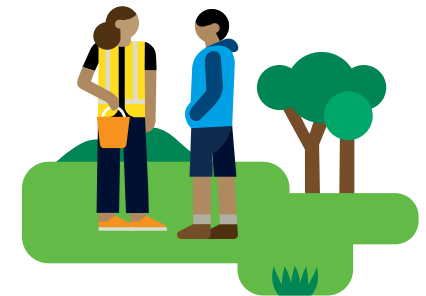
Community participation is a critical element of local government. We are focusing on ensuring that Council engage with a representative sample of the community so that we meet the needs of all our region's communities.

Council is looking to transform how we work with volunteers. Volunteers provide an important and valuable contribution in terms of environmental and cultural wellbeing.

Council are looking at increasing participation in our work and decision making by doing more with our communities. This includes getting your perspectives and thoughts, but also supporting our community to deliver some of the work carried out through community and volunteer groups.

Information on current and past projects where Council have been seeking input from our community is available here:

www.participate.boprc.govt.nz





Ngā putanga a-hapori **Community Outcomes**

Regional Councils have slightly different functions to those performed by city and district councils. We have a strong focus on the environment, and deliver a range of services to achieve our four community outcomes.



He taiao ora **A healthy environment**

*We protect and enhance our air, land, freshwater,
geothermal, marine and coastal resources,
and biodiversity for our communities.
We support others to do the same.*

***Ko tā te taiao ora he whakaatu i ēnei kōwhaiwhai e tupu ana,
ā, e puāwai mai nā i te puna kotahi.***

Healthy environment is represented by the kowhaiwai growing and flourishing from the one source.

Objectives

Our community understands the state of our environment and is involved in its care

The diverse range of ecosystems in the region are in a healthy state

Resource users implement good practice in using our natural resources

A sound science base, including mātauranga Māori, supports decision making

Effective natural resource limits are in place, enforced and monitored

Prioritised actions are in place where natural resources do not meet community expectations



**He korowai tiaki taiao
Environmental wellbeing**

Environmental wellbeing is central to our purpose as a Regional Council. We aim to maintain and enhance the air, land, freshwater, geothermal, coastal, and biodiversity aspects of our natural environments. We support a range of other groups, including volunteers, to do the same.

Ngā taumata o te ratonga

Levels of service include:



**Investigate
90% of air quality
exceedances
within ten days**



**Process 95% of
resource consent
applications
within time**



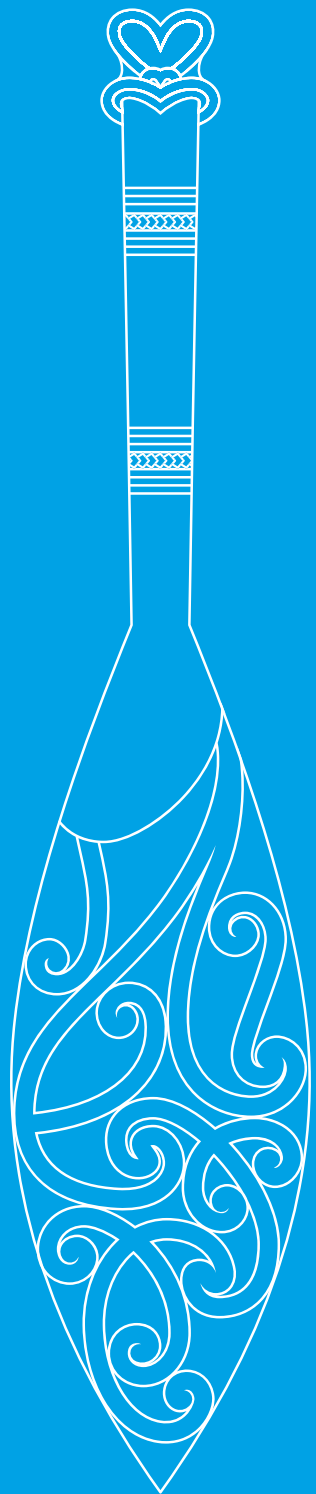
**Ensure 85% of our
pest management
programmes
are on track**



**Increase
the number
of visitors to
regional parks**

Key projects and activities include:

- Delivering the Regional Pest Management Plan to manage plant and animal pests, including Dama wallaby control and Catfish Population control.
- Delivering our Air Quality Monitoring Programme, focusing on the Mount Maunganui industrial area and the Rotorua urban airshed.
- Increasing engagement with Māori in relation to the freshwater reforms being proposed by central government.
- Continued management and operation of our Regional Parks, including delivery of the Pāpāmoa Hills Cultural Heritage Regional Park upgrade project.
- Education and compliance monitoring of the Motiti Protection Area.



Te mana o te wai

Freshwater

for life

Our water and land management practices maintain and improve the life giving ability of the region's freshwater resources.

*E whakaaturia ana te wai Māori ki te kōripo o te kōwhaiwhai.
Ko tā te rauru hoki, he tohu i te oroko tīmata o te ao.*

Fresh water is displayed in the swirling patterned kowhaiwhai.
The rauru can also represent the beginning of life.

Objectives

Our community is connected to freshwater and involved with its management

Freshwater ecosystems, along with estuarine and coastal connections in the region, are thriving

Freshwater provides for intrinsic well-being, along with cultural, recreational and economic well-beings



He korowai tiaki taiao
Environmental wellbeing

Protecting our freshwater resources is key to environmental wellbeing. We work with landowners across the region to help them reduce pollutants in our streams, rivers, and lakes – whether it's nitrogen, *E.Coli*, or other pollutants. We also work through our plan setting, resource consents, and compliance functions to ensure we are only extracting the right amount of freshwater from our aquifers and ensuring there is enough for sustained use. We also consent and monitor other discharges to water from industrial and commercial activities.

Ngā taumata o te ratonga

Levels of service include:



Ensure 75% of monitored sites meet swimmability requirements



95% real-time deliverable environmental data available online



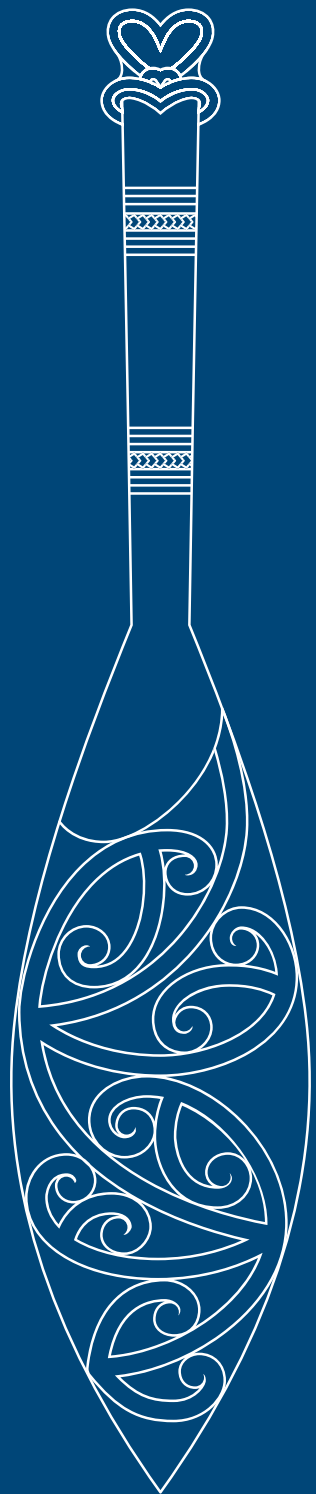
Respond to 99% of urgent and non-urgent pollution calls within time



Monitor 90% of swimming sites for water quality

Key projects and activities include:

- Protect and restore biodiversity and water quality through delivery of Environment Programmes.
- Implement work for the Rotorua Te Arawa Lakes Programme.
- Further work to improve the Ōhiwa Harbour and its catchment environment.
- The continued implementation of Regional Council's Essential Freshwater Policy Programme.



Kia haumaru, kia pakari te hapori **Safe and resilient communities**

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

*Mehemea kua haoa te mangōpare, ka whawhai mō te hemo tonu atu.
Ka tāraia hei taniwha, hei kaitiaki rānei. Ko te mahi a te kaitiaki he
haumaru i ngā mea hei tiakina mōna. He tohu hoki i te pakari.*

The caught hammerhead shark, it fights to the bitter end. Often used as a kaitiaki or guardian. The role of a kaitiaki is to keep safe that which it is protecting. It can also represent resilience.

Objectives

Our communities understand the natural hazard and climate change risks they live with

Our partners and our organisation incorporate climate change and hazard risk into planning and decision making

Our region has the capacity and capability to respond to and recover from emergencies

Our region's natural hazard risks, in particular flood risk, are managed through how we work, in a way that is affordable and takes a long term perspective

Navigation and water activities within our region strive to keep people safe



He korowai aroha
Social wellbeing

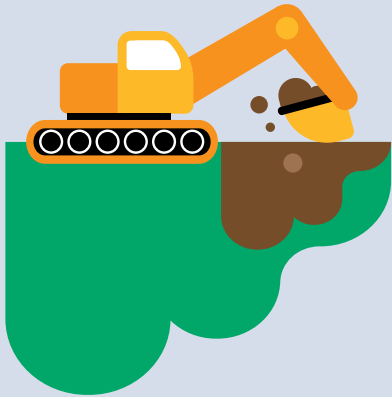


He korowai whakamana tangata
Economic wellbeing

Protecting communities from excess flooding is the primary way we contribute to our outcome of safe and resilient communities. This in turn contributes to social and economic wellbeing by keeping people safe, homes safe, and also mitigating any economic loss. We primarily do this through our flood control functions. We also contribute to safe and resilient communities by delivering and co-ordinating emergency management services, and providing maritime services, including maintaining navigation aids and responding to emergency situations.

Ngā taumata o te ratonga

Levels of service include:



Complete 85% of planned maintenance and 75% of planned renewals for flood control infrastructure



Ensure 100% of flood warnings are given correctly



Respond to 95% of oil spills within 30 minutes or two hours, depending on location



Ensure 95% of maritime navigational aids are of good quality

Key projects and activities include:

- Delivery of a capital works programme with multiple projects across the five Rivers and Drainage schemes in the Bay of Plenty. Further detail is provided on page 27.
- Complete a review of the Navigation Safety Bylaw.



Toitū te rohe **A vibrant region**

Our stewardship of natural resources and the connections we make provides for sustainable economic development across our region.

Ko tā te tohu a te kape he nunui, ā, he huhua. He ngākau whakapuke, he ngākau whiwhita, ā, he ngākau nui ki te ao o nāia nei me ngā rā kei tua.

The kape represent abundance and plentifulness. Vibrant, bustling and full of life, now and into the future.

Objectives

Economic development opportunities are enabled and connected across our region

Regional transport and regional land use planning is integrated and responsive to growth and natural resource pressures

A fit for purpose public transport system enables a growing economy and a safe, healthy and vibrant region

Our partnerships and collaborative approach leads to improved environmental outcomes

Our region is reducing net greenhouse gas emissions in line with national targets and is transitioning to a low carbon economy

Our region is recovering quickly and well from COVID-19



He korowai mātauranga
Cultural wellbeing

Māori policy is vital to ensuring the voice of iwi and hapū is heard in our decision-making, facilitating strong Māori cultural wellbeing. Our governance services help safeguard democracy and ensure the transparency of our processes to the public. Lastly, community engagement provides opportunities for the public to participate directly in our activities.

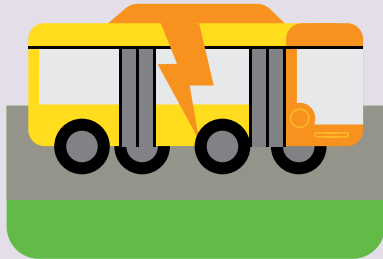


He korowai whakamana tangata
Economic wellbeing

Providing integrated planning, public transport and regional development is key to the economic wellbeing of the Bay of Plenty. Good planning ensures that people can live and work in relatively close proximity.

Ngā taumata o te ratonga

Levels of service include:



Increase bus patronage
from last year



Increase the number of shared decision-making arrangements with Māori organisations



Ensure 90% of community groups funded for environmental work achieve their goals



Make 90% of Council meetings accessible via livestream

Key projects and activities include:

- Continuing to provide Public Transport services in the Bay of Plenty including trialing fare free services for school children in Tauranga, Whakatāne and Rotorua.
- Introducing Public Transport technology enhancements including a national integrated ticketing solution.
- Supporting Spatial Planning in the Bay of Plenty, including; Whakatāne-Kawerau urban growth spatial planning, Rotorua Lakes urban growth future development strategy and Western Bay SmartGrowth.
- Funding to support infrastructure projects such as the Ōpōtiki Harbour Transformation project and the Rotorua Museum/Te Whare Taonga o Te Arawa.
- Investing in initiatives to enhance Māori capacity and capability.
- Projects focused on transitioning towards a low-carbon economy, including a feasibility study on decarbonizing our bus fleet, and developing a Transport Emissions Reduction Plan (TERP).
- Funding initiatives to help to enhance Māori co-governance forums for local government in the Bay of Plenty.

Ngā mōhiohio anō

Further Information

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

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

- Statement of financial position
- Funding impact statement
- Return on investment
- Rates information
- Borrowing ratios
- The major projects for the current and next three years

The following published and audited documents are available:

- Annual Report 2019/20
- Annual Report 2020/21
- Long Term Plan 2021-2031
- Annual Plan 2022/23

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

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



Ngā taukī pūtea

Financial Statements

The following pages set out a summary of Council’s statement of financial position, funding impact statements and financial strategy limits on rates, borrowing and return on investment

How to read and interpret the information in this report

Financial information is provided from a variety of sources and is either historical - when it relates to previous financial years, or forecast - when it relates to the current or future financial years. Budgeted information for 2022/23 has been provided to aid comparison.

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

- The first two columns are extracts from the audited annual reports for 2019/20 and 2020/21 respectively.
- The third column is the financial forecast for 2021/22.
- The column headed “Annual Plan 2022/23” provides the budget for this current financial year.
- The final three columns provide information relating to 2023/24, 2024/25, and 2025/26 financial years extracted from the adopted 2021-2031 Long Term Plan.

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

Explanation for notable differences between years

Statement of financial position

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

Through the Long Term Plan 2021-2031, Council approved the use of borrowings to fund assets to spread the cost out over time so that future generations will pay for the benefit they will receive, as well as freeing up money to be invested for future benefits.

Funding impact statement

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

Through the Long Term Plan 2021-2031, Council approved the use of borrowings to fund council’s capital programme, resulting in increased debt.

Statement of financial position

	Annual Report		Forecast Annual Report (unaudited)	Annual Plan	Long Term Plan 2021-2031		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current assets							
Cash and cash equivalents	33,156	41,112	28,057	29,000	30,670	27,184	27,032
Other financial assets - current	116,367	71,155	81,147	16,458	26,535	27,384	28,288
Trade and other receivables	23,900	24,986	25,473	27,231	6,021	5,110	13,098
Inventories	247	230	235	251	274	283	292
Total current assets	173,670	137,483	134,912	72,940	63,500	59,961	68,710
Non-current assets							
Trade and other receivables - long term	1,571	1,230	1,467	1,467	462	334	266
Property, plant and equipment	467,004	500,362	525,685	563,049	628,257	663,392	696,268
Intangible assets	6,580	8,077	8,366	7,585	4,101	3,348	2,896
Investments in equity accounted associates	10	7	7	7	10	10	10
<i>Other financial assets:</i>							
Investment in CCO's and other similar entities	52,341	55,804	56,959	83,834	57,514	56,524	56,704
Loans to related parties (Quayside Holdings Limited)	49,600	49,600	75,130	150,000	150,000	110,000	110,000
Investment in other entities	51	14,553	53	53	51	51	51
Total non-current assets	577,157	629,633	667,667	805,995	840,395	833,659	866,195
Total assets	750,827	767,116	802,579	878,935	903,895	893,620	934,905
Current liabilities							
Trade and other payables	14,370	15,913	16,232	17,352	22,922	23,655	24,436
Employee benefit liabilities	5,890	5,247	5,352	5,775	6,540	6,749	6,972
Borrowings	75,900	75,900	70,400	35,000	95,000	85,000	85,000
Total current liabilities	96,160	97,060	91,984	58,127	124,462	115,404	116,408

	Annual Report		Forecast Annual Report (unaudited)	Annual Plan	Long Term Plan 2021-2031		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Non-current liabilities							
Trade and other payables	6,403	6,503	6,503	6,503	-	-	-
Employee benefit liabilities	1,011	1,206	1,231	1,328	1,129	1,163	1,199
Borrowings	115,500	105,000	142,130	252,530	200,900	170,900	170,900
Put option	3,400	3,000	3,000	3,000	3,400	3,400	3,400
Total non-current liabilities	126,314	115,709	152,864	263,361	205,429	175,463	175,499
Total liabilities	222,474	212,769	244,848	321,488	329,891	290,867	291,907
Total net assets	528,353	554,347	557,731	557,447	574,004	602,753	642,998
Equity							
Retained earnings	194,707	218,130	209,662	234,879	216,719	229,147	229,732
Reserves	333,646	336,217	348,069	322,568	357,285	373,606	413,266
Total equity	528,353	554,347	557,731	557,447	574,004	602,753	642,998

Funding impact statement

	Annual Report		Forecast Annual Report (unaudited)	Annual Plan	Long Term Plan 2021-2031		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding							
General rates, uniform annual general charges, rates penalties	27,797	28,751	31,118	35,647	35,812	42,074	43,954
Targeted rates	29,442	28,649	32,697	35,413	36,915	42,580	43,487
Subsidies and grants for operating purposes	17,008	21,583	17,937	20,828	23,729	22,615	22,988
Fees and charges	9,916	10,439	9,579	12,096	12,965	13,555	14,196
Interest and dividends from investments	37,414	38,486	46,516	52,807	46,917	48,310	49,238
Local authorities fuel tax, fines, infringement fees and other receipts	6,534	5,350	5,525	3,437	3,123	3,238	3,356
Total operating funding (A)	128,111	133,258	143,372	160,228	159,461	172,372	177,219
Applications of operating funding							
Payments to staff and suppliers	120,138	130,233	142,186	157,948	148,302	151,520	153,842
Finance costs	3,185	3,212	2,982	8,390	5,864	6,245	5,790
Other operating funding applications	210	47	-	-	-	-	-
Total applications of operating funding (B)	123,533	133,492	145,168	166,338	154,166	157,765	159,632
Surplus (deficit) of operating funding (A-B)	4,578	(234)	(1,796)	(6,110)	5,295	14,607	17,587
Sources of capital funding							
Subsidies and grants for capital expenditure	3,096	12,051	2,300	3,615	1,736	1,650	35
Development and financial contributions	-	-	-	-	-	-	-
Increase (decrease) in debt	50,282	(10,500)	(43,370)	(8,370)	-	-	-
Gross proceeds from sale of assets	151	221	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	7,057	2,301	1,070	-	-	-	-
Total sources of capital funding (C)	60,586	4,073	(40,000)	(4,755)	1,736	1,650	35

	Annual Report		Forecast Annual Report (unaudited)	Annual Plan	Long Term Plan 2021-2031		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Applications of capital funding							
Capital expenditure							
- to meet additional demand	-	-	-	-	-	-	-
- to improve levels of service	21,387	17,341	18,331	18,172	12,962	19,491	6,941
- to replace existing assets	15,015	10,285	5,455	16,199	3,881	2,467	2,931
Increase (decrease) in reserves	(53,725)	6,340	1,574	(2,495)	(10,173)	(5,962)	7,542
Increase (decrease) of investments	82,487	(30,127)	(67,156)	(42,740)	361	261	208
Total applications of capital funding (D)	65,164	3,839	(41,796)	(10,865)	7,031	16,257	17,622
Surplus (deficit) of capital funding (C-D)	(4,578)	234	1,796	6,110	(5,295)	(14,607)	(17,587)
Funding balance (A-B) + (C-D)	0	0	0	0	0	0	0
Note: This financial statement excludes:							
Depreciation and amortisation	6,618	6,889	7,883	8,723	9,402	9,532	9,286
Loss on sale of property, plant and equipment	1,034	698	20	-	-	-	-
Impairment of property, plant and equipment	4,555	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	(259)	(440)	-	-	-	-	-
Fair value adjustments	2,752	-	-	-	-	-	-
Gain on revaluation of Put Option	-	(400)	-	-	-	-	-
Asset revenue gain	-	(577)	-	-	-	-	-
Vested asset	-	-	8	-	-	-	-

Return on Investment

	Annual Report 2019/20		Annual Report 2020/21		Forecast Annual Report 2021/22	
	Planned \$000	Actual \$000	Planned \$000	Actual \$000	Planned \$000	Estimated Actual \$000
Interest	6,528	5,228	5,781	3,070	2,125	1,952

Rates information

	Annual Report 2019/20		Annual Report 2020/21		Forecast Annual Report 2021/22	
	Planned \$000	Actual \$000	Planned \$000	Actual \$000	Planned \$000	Estimated Actual \$000
General Rates	27,752	28,110	28,679	29,094	31,326	31,326
Targeted rates	29,635	29,793	28,993	29,004	33,478	32,962
less: general rates remissions	(208)	(664)	(474)	(698)	(474)	(474)
less: targeted rates remissions	(266)	-	-	-	-	-
Total Rates	56,913	57,239	57,198	57,400	64,330	63,814
Rates increase %	12.68%	12.50%	0.50%	0.28%	12.47%	11.18%
General rates	7.06%	6.6%	3.37%	3.43%	9.3%	8.2%
Targeted rates	18.52%	18.7%	-2.19%	-2.69%	15.6%	14.1%

Borrowing ratios

	Policy Limits	Annual Report		Policy Limits	Forecast Annual Report
	2019/20 and 2020/21	2019/20	2020/21	2021/22	2021/22
Net interest expense as a percentage of total revenue	<20%	-1.48%	0.10%	<20%	0.70%
Net external debt as a percentage of total revenue	<250%	-22.00%	-14.00%	<300%	-19.74%
Net interest as a percentage of annual rates income	<30%	-3.57%	0.25%	<30%	1.61%
Available financial accommodation as a percentage of external debt (liquidity)	>110%	213.57%	209.77%	>110%	113.20%

Ngā Kaupapa o ngā Āwa me te Hopuwai

Rivers and Drainage Schemes

Capital spend and Key projects over 4 years

River scheme / Key Capital projects*	Spend over 4 years (\$ million)	Timing			
		2022/23	2023/24	2024/25	2025/26
Total: Kaituna Catchment Rivers Scheme	\$15.4				
Ford Road Pump Station	\$8.7				
Te Puke Stormwater project	\$2.7				
Ngongotahā Stream Civil Works	\$1.6				
Total: Rangitāiki-Tarawera Rivers Scheme	\$11.0				
Rangitāiki Floodway	\$2.8				
Rangitāiki Floodwalls	\$3.4				
Rangitāiki River (Stopbank upgrade)	\$2.9				
Tarawera stopbank construction	\$2.0				
Total: Whakatāne-Tauranga Rivers Scheme	\$16.9				
Whakatāne River stopbanks (Stage 2)	\$11.2				
Trident stopbank construction	\$2.3				
Whakatāne Tauranga canal construction	\$1.5				
Total: Waioeka-Otara Rivers Scheme	\$1.9				
Waioeka Otara construction	\$1.8				
Total: Rangitāiki Drainage Schemes - Renewals	\$1.6				
Total Capital Spend on Rivers and Drainage Schemes	\$46.7				

* Key Capital projects includes projects with a minimum budgeted spend of \$1.5m over the current and next 3 years.

Te Whakahoutanga o te Kāwanatanga ā-motu

Central Government Reform

Note to the Reader: The information in these disclosures is correct as of 27 June 2022.

There are three significant reform and review processes currently in train that will have an impact on local government – Three Waters, Resource Management and the Future for Local Government. They collectively and individually represent the largest reforms to local government and local governance since the abolition of the provinces in 1877.

What the reforms have in common are that they aim to achieve better outcomes for communities and the environment, efficiency improvements, and give effect to the principles of Te Tiriti of Waitangi. They are however progressing on different timelines and add to an increasingly complex and uncertain operating environment for local government now and post the 2022 elections. This environment also includes likely Government changes to building control, civil defence and emergency management, waste management, to name but a few.

Taken together the reviews and reforms provide considerable opportunity to further the purpose of local government and will fundamentally change the system that local government operates within, including how decisions are made and by whom, what local government does and how it does it, and who local government needs to work with to enable community wellbeing.

Three Waters Reform

Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing regulation and management of the three waters (drinking water, wastewater, and stormwater).

The focus has been on how to ensure safe drinking water for all, improve the environmental performance and transparency of wastewater and stormwater network

and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits. There is also a need to future-proof the assets and plan for the effects of climate change.

Both central and local government, including Bay of Plenty Regional Council are committed to better outcomes for communities and the environment and there is widespread agreement that the status quo is not sustainable, despite the significant contribution, investment, and effort that local government and communities have made to date. There is also agreement on protection from privatisation of the three waters services and assets.

In 2021 the Government announced that it would proceed with proposals to change the way three waters are delivered. You can find a short video in which the Minister of Local Government explains the Government's reasons for the change at <https://www.youtube.com/watch?v=CN-IFClobuQ>

The proposal is that three waters assets would be removed from councils and all the council's three water assets and any liabilities related to three waters would transfer to a body corporate. As the proposed transfer is currently intended to happen on 1 July 2024, this would be within the term of the incoming council.

The government has stated that later in the year a second Bill will provide further details on the powers and duties of the entities. That Bill will also allow the Government to regulate the amount and the ways in which the entities charge for these services, and how they will demonstrate their services are value for money. We understand this Bill will enter Parliament in or around September this year so the incoming council will need to decide whether it wishes to submit on this Bill, and what it might say.

If you would like more information, please go to the three waters reform page on the Department of Internal Affairs website which is: https://www.dia.govt.nz/diawebsite/NSF/wpg_URL/Resource-material-Our-Policy-Advice-Areas-Local-Government-Policy?OpenDocument#reform

Resource Management Act Reforms

After many years of incremental changes, the Government is overhauling the resource management system¹ to:

- protect and restore the environment and provide for intergenerational wellbeing
- better enable development within environmental limits
- better recognise Te Tiriti o Waitangi principles, te ao Māori and mātauranga Māori
- better prepare for adapting to climate change and risks from natural hazards, as well as mitigating greenhouse gas emissions
- make the system less complex and more efficient while retaining local democratic input.

The Government has said it will introduce three new pieces of legislation to achieve its objectives. The:

- Natural and Built Environments Act - the primary replacement for the Resource Management Act 1991. It will require outcomes based planning and development within environmental limits and targets, give effect to the principles of Te Tiriti, create a single regional plan, overseen by a single regional committee, supported by a National Planning Framework.
- Spatial Planning Act – introduces mandatory 30 year regional spatial strategies that will set out, at high level, how regions and communities will develop integrating land use, major infrastructure and investment. It too is guided by the National Planning Framework and will be overseen by a planning committee appointed for each region..
- Climate Adaptation Act – this will deal with the complex policy, economic and legal issues around adapting to the effects of climate change, including managed retreat.

The Natural and Built Environments and Spatial Planning Bills will be introduced into Parliament around or shortly after the election period. The incoming council will need to consider whether and how it wishes to respond to these Bills very soon after it takes office. The Climate Adaption Bill is likely to be introduced next year.

The reform of the resource management system will have a significant impact on Bay of Plenty Regional Council including future governance arrangements, functions, structure, decision making, operations, and investment priorities. The resource requirements and costs of transition cannot be underestimated, particularly as we transition to the new system while fulfilling essential requirements under the current one.

The resource management sector is currently under significant strain and facing capacity issues, including sourcing and retaining appropriately skilled people. There is currently a shortage of skilled planners and spatial planning will draw on the skills and expertise of a wide range of specialists and expertise from across the council and beyond. There are also constraints on mana whenua and their capacity to fully participate in the current, let alone, future system.

The success of the new resource management system and council's part in it will depend in large extent on how well the transition to and implementation of the new system is planned for, managed and resourced and impact of inter-related reforms in water and the future of local government.

More details about the reform of resource management can be found on the Ministry for the Environment website at <https://environment.govt.nz/what-government-is-doing/key-initiatives/resource-management-system-reform/overview/>

Future for Local Government

On 24 April 2021 the Minister of Local Government announced that she had established a Ministerial Inquiry into the Future for Local Government. The overall purpose of the review is to *“identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership.”*

In September last year the panel released an interim report that set out the engagement it had done up to that time, and the lines of inquiry it would follow. The full report, *Ārewa te ake Kaupapa: Raising the Platform* can be found at https://www.futureforlocalgovernment.govt.nz/assets/Uploads/DIA_16724_Te-Arotake-Future-of-Local-Government_Interim-report_22.pdf

¹ based largely on the recommendations of the independent review of the resource management system – the Randerson Report (launched in 2019 and published in 2020).

Ārewa te ake Kaupapa poses five key questions:

1. how should the system of local governance be reshaped so it can adapt to future challenges and enable communities to thrive?
2. what are the future functions, roles and essential features of New Zealand's system of local government?
3. how might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?
4. what needs to change so local government and its leaders can best reflect and respond to the communities they serve?
5. what should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?

The panel has met with every local authority as part of its engagement, including councillors and some of our senior managers.

At that meeting the Panel explored the following 5 big shifts and how our local context might influence them:

1. Strengthened Local Democracy
2. Stronger Focus on Wellbeing
3. Authentic Relationship with Hapū/Iwi/Māori
4. Genuine Partnership between Central Government and Local Government
5. More Equitable Funding.

A draft report and recommendations for public consultation will be released by the Panel after the local government elections. The final report will be presented to the Government by 30 April 2023. With Parliamentary elections likely in late 2023 the Government may take some time to decide what, if any, of the panel's recommendations it wishes to take up.

The new council will need to respond to the Panel's recommendations soon after being elected, and then consider the Panel's recommendations to Parliament. In the future, Government decisions may change Council's role, functions and structure.





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