BAY OF PLENTY
REGIONAL COUNCIL
TOI MOANA

Te Mahere ā-Tau
Annual Report 2021/22

For the financial year 1 July 2021 to 30 June 2022

Mihi

E ngā mana, e ngā reo, e ngā kārangarangatanga maha, puta noa, tēnā koutou katoa!

Mai i ngā Kuri-ā-Whārei ki Tihirau,
Mai i Maketū ki Taupō-nui-ā-Tia,
Ko te rohe kaunihera tēnei o Toi Moana

Kua kaha whakarongo atu mātou o Toi Moana ki ngā reo maha o te rohe nei, me te mea hoki, ko te orangatonutanga o ngā hapori maha te whāinga mātuatua. Ko tētahi o ngā tino whāingā kē atu, ko te āta whakapakari, āta whakakaha i ngā hereherenga kei waenganui i ngā kāhui tāngata maha o te rohe nei.

Ko te kaunihera ā rohe o Toi Moana, he waka eke noa. Ā, mā te āta tuitui i ngā taurahere tāngata e tika rawa ai ā mātou mahi, e mārama hoki ai mātou ki te iti kahurangi o tēnā, o tēnā, puta noa i tō tātou rohe.

Kia toi te whenua, kia toi te moana, kia toi te taiao, kia toi te tangata! Tīhei Mauriora

To all authorities, to all voices, to the many affiliations across our region, we acknowledge you all.

From Waihī Beach to the East Cape,
From Maketū to the shores of Lake Taupō-nui-ā-Tia,
this is our region of The Bay of Plenty Regional Council.

We have listened, and taken on board the aspirations of our communities confirming that we are a region seeking wellbeing and vitality together. The focus is to strengthen our connections and relationships with each other and our taiao, our environment.

Toi Moana is a waka for all, and there are no exceptions. Together we shall realise our collective aspirations. The ongoing guidance from our communities ensures we never deviate from our commitment to you, our community and our environment.

Let the land prosper, let the ocean and lakes prosper, let our environment prosper – 'tis the breath of life.

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Our strategic direction

OUR 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.

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.

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.

Toitū te rohe

A vibrant region

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

OUR WELLBEINGS

He korowai tiaki taiao
Environmental wellbeing

He korowai aroha
Social wellbeing

He korowai whakamana tangata
Economic wellbeing

He korowai mātauranga
Cultural wellbeing

STRATEGIC PRIORITIES

- Assisting the region to recover from COVID-19 while delivering lasting well-being for the community
- Ensuring we deliver on natural resource regulatory reform and our work programmes that deliver results on the ground
- Ensuring the region is adapting to a changing climate and helping to facilitate a transition to a low carbon economy
- Integrating land-use and transport planning in the region, including the intersection with natural hazards, climate change, and natural resource limits
- Working effectively with Māori in partnerships to deliver outcomes for the region
- Making the best use of Bay of Plenty Regional Council's resources to deliver on all of our community outcomes, including supporting others to deliver
- Taking a regional view while recognising important sub-regional variations and ensuring constructive relationships: nationally, regionally, and sub-regionally
- Ensuring effective community participation in decision making and in the delivery of our roles

THE WAY WE WORK

- We look to add value regionally
- We think integrated
- What we do we do well
- We provide great customer service
- We honour our obligations to Māori
- We deliver value to our ratepayers and our customers
- We continually seek opportunities to innovate and improve
- We look to partnerships for best outcomes
- We use robust information, science and technology

OUR VALUES

Trust, Integrity, Courage, Manaakitanga, Kotahitanga and Whanaungatanga

Te timatatanga
Introduction

From the Chair and Chief Executive

We are pleased to present our Annual Report for the year ended 30 June 2022 (2021/22). This Report discloses the Bay of Plenty Regional Council's actual performance against what was planned for the first financial year in the Long Term Plan 2021-2031 (LTP).

The COVID-19 global pandemic continued to impact the region during the year, with resource and supply issues. While most are now used to living with it globally, here in New Zealand we are feeling some knock-on effects, with inflation at a thirty-year high and many struggling with the increased costs of living.

Despite the challenges, as an organisation we were still able to make progress across all areas of work and major projects to deliver on our Community Outcomes and improve the wellbeing of our communities. We achieved 32 of the 44 performance targets (73%) that were set through our LTP. This year has seen some significant investment on flood protection infrastructure and projects contributing to climate change mitigation. One of these projects has been the completion of Stage 7 of the Rangitāiki Floodway upgrade, which looked to continue the work from stage 6 to raise the stopbank and also involved purchasing land for the spillway. All the earthworks associated with Stage 6 A, B and C were also competed this year. The upgrade focused on taking pressure off the flood prone Rangitāiki River by diverting some of its flow during significant weather events. This is done by widening the floodway channel, raising the stopbanks and creating a second outlet into the Rangitāiki River. The final works remaining to complete the entire Rangitāiki Floodway Project are planned for next year.

Climate change was identified in the LTP as a key strategic priority, and funding allocated to deliver key actions. During the year, key actions included the iwi-led community adaptation to climate change. This supports communities to undertake grassroots climate change adaptation planning, at their scale. We have also completed stage one of our Regional Climate Change Risk Assessment project to identify potential climate change risks that are specific to our region.

This past year has also seen further regulatory reform come from central government, in particular changes to several policies and regulations that affect regional council functions with regard to freshwater. This included draft changes to regulations for sources of human drinking water, amendments to freshwater regulations relating to wetlands, amendments to the protection of indigenous biodiversity and changes to conservation law. We took the opportunity to submit on these proposed changes and advocate on behalf of the region.

Bay of Plenty Regional Council Toi Moana and a consultancy firm (WSP) won a silver medal in the General Category at the 2021 Association of Consulting and Engineering (ACE) Awards. The award was for the Kaituna River re-diversion and Te Awa o Ngatoroirangi/Maketu Estuary Enhancement Project. The team also won a Special Award acknowledging outstanding collaboration leading to exceptional outcomes.

Councils' investment arm, Quayside Holdings Limited, continues to make a strong contribution to Council revenue and this year's dividend payout to Bay of Plenty Regional Council of $40 million helped in reducing general rates by an average of $348 (including GST) per property in the region.

The Council Group, which includes our 100% shareholding in Quayside Holdings Limited, is pleased to record a moderate net profit after tax attributed to Council of $25 million. It has been a challenging year for many investment markets however the Group has benefited from a diversified investment portfolio with strong results from the Port of Tauranga and regional investment property.

Council has delivered an operating deficit of $10.0 million for the year, against a budgeted deficit of $6.1 million. Revenue during the year was $148.4 million compared to budget of $157.7 million. Operating expenditure was $158.4 million compared to a budget of $163.7 million. Whilst there was an underspend in operating expenditure, the lower level of revenue has been the main contributing factor to a higher than budgeted deficit.

Capital expenditure was $18.5 million compared to a budget of $34.5 million. A number of projects have been rescheduled to future years.

The Quayside dividend helped fund our work in 2021/22, and as we look ahead this approach will continue to ensure we keep general rates as low as possible and deliver regional benefit to our community.

As we look forward to 2022/23 and beyond, we are excited by the prospect of delivering against the objectives of our LTP. One of our main focus areas will be continuing to adapt to the changes signaled by Central Government. In particular the Resource Management Act, and updates in regard to the Three Waters Reform. We are also keen to continue to progress work in relation to climate change mitigation and creating partnerships as we seek greater partnerships with different organisations and groups within the region.

Doug Leeder
Chairman

Fiona McTavish
Chief Executive

Community outcomes and activities

Group of Activities	*He taiao ora* **A healthy environment**	*Te mana o te wai* **Freshwater for life**	*Kia haumaru, kia pakari te hapori* **Safe and resilient communities**	*Toitū te rohe* **A vibrant region**
Catchment Management	Biosecurity Regional Parks	Rotorua Lakes Coastal Catchments		
Flood Protection and Control			Rivers and Drainage Schemes Regional Flood Risk Co-ordination	
Resource Regulation and Monitoring	Resource Consents Air Quality Regulatory Compliance		Maritime Operations	
Transportation and Urban Planning				Public Transport Transport and Urban Planning
Democracy, Engagement and Planning	Policy and Planning Environmental Strategy			Māori Policy (Te Amorangi) Community Engagement Governance Services Regional Development
Emergency Management			Emergency Management	
Support Services	Technical Support			
	Corporate Support			

Ngā whakaarotau rautaki Strategic priorities

The current local government landscape is particularly changeable. There have been significant economic and social effects resulting from the COVID-19 pandemic. There is also significant regulatory reform underway at the Central Government level, with freshwater the first priority, but other issues such as urban development following close behind. There is also legislative change underway with the Resource Management Act, and more significant change coming to the roles and responsibilities of local government in the 'three waters' space. This complexity makes our relationships with tangata whenua even more important.

In order to best position ourselves we have identified eight strategic priorities through our Long-Term Plan over the next ten years. Within these eight priorities we have highlighted three as Impact Areas with more immediate focus.

- **Climate change**
- **Partnerships with Māori**
- **Community participation and constructive relationships**
- **Regulatory reform**
- **Regional recovery**
- **Sub-regional/regional view**
- **Land use and transport**
- **Making best use of our resources**

Ngā wā whakaaweawe Impact areas

Climate change

On 27 June 2019, Regional Councillors 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. In August 2021 Council adopted a revised climate change action plan for 2021-23.

We recognise the importance of our leadership and advocacy role and we are also committing to:

- Supporting new and additional community initiatives
- Working with other local authorities as they engage with their communities
- Engaging with sectors and industry to find solutions
- Exploring ideas and opportunities with others
- Sharing our information and knowledge

Highlights from the past year include:

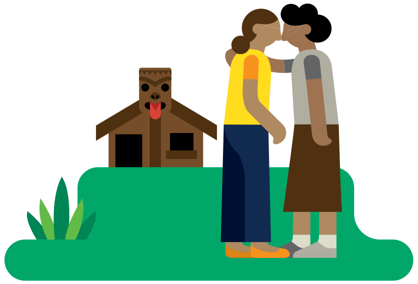
- **Community and iwi-led adaptation to climate change** – This initiative supports grassroots climate change adaptation planning undertaken directly by communities. Five community-led climate change adaptation projects were approved, receiving $15,000 each. Three are coastal hapū, along with Ōhinemutu village on Lake Rotorua, and an iwi wide food security initiative. These projects will support adaptation planning including identification of risks, key priorities and next steps.

- Phase One of the **Regional Climate Change Risk Assessment project** was completed this year, to identify potential climate change risks to our region. Information was gathered through a survey of stakeholders and tangata whenua, and a series of workshops and hui. The key outputs are a detailed risk workbook and a summary 'He tirohanga Māori ki ngā tūraru mō te āhuarangi ki roto o Te Moana-a-Toi / Perspectives on climate change risks to Māori in the Bay of Plenty'. Phase two is underway, with the first in a series of workshops commencing in early 2022/23. Parallel to this process is a further exploration of Māori perspectives of climate change risks within the region.

- Our **2020-21 Toitu Carbon Reduce certification** was received this year with the verified emissions across our organisation for financial year 2020/21 showing we generated 999 tonnes CO_2-equivalent. This represents a 3.8% reduction in emissions from 2019-20, and 15.3% reduction from the 2018-19 baseline year. The next report is due in October 2022 and will cover the financial year 2021/22.

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.



In August 2021, Komiti Māori approved Council's Partnerships with Māori Impact Statement. This was developed to guide governance and operations in the way we work, partner, and actively support Māori. The statement has a vision, principles, objectives, and goals, and identifies actions to enhance and innovate future partnerships. Staff have developed a specific plan of action for achieving the Impact Statement Objectives, and a Partnerships with Māori Programme to coordinate, direct and oversee specific projects and actions.

Highlights from the past year include:

- This year we had two projects that were nominated as finalists in the **Māori Award** for the **2021 Biosecurity Awards**
  - **The Ruawāhia/Mount Tarawera Wilding Pine Control** Project is a partnership between Ruawāhia 2B Trust, Bay of Plenty Regional Council, Department of Conservation, and the Ministry for Primary Industries. The purpose is to eradicate wilding pines from Ruawāhia / Mount Tarawera in the Bay of Plenty.
  - The **Kei Hea ngā Papaka** project is a marine biosecurity project grounded in Mātauranga Māori principles to support whānau and hapū kaitiaki in Tauranga to help reduce the numbers of the very aggressive Asian Paddle crab which is trying to outcompete the local native crab (papaka), a taonga for the iwi of Tauranga.
- **Kaituna River re-diversion and Te Awa o Ngatoroirangi/Maketū Estuary Enhancement Project** – Bay of Plenty Regional Council Toi Moana and a consultancy firm (WSP) won a silver medal in the General Category at the 2021 Association of Consulting and Engineering (ACE) Awards. The Team also won a Special Award acknowledging outstanding collaboration with tangata whenua to achieve cultural outcomes which was critical to the success of the project leading to exceptional outcomes. Seven iwi and hapū groups were involved throughout the project – Ngāti Mākino, Ngāti Pikiao, Ngāti Rangiwewehi, Ngāti Tūnohopū, Nagti Whakaue ki Maketū, Tapuika and Waitaha.
- **Kia marutau ki te wai** – Bay of Plenty Regional Council Toi Moana's Harbourmaster team completed "Kia manutau ki tew ai" – a pilot education programme providing safer boating training specific to the needs of individual iwi and hapū. Nine Safer Boating ambassadors from Ōtāwhiwhi Marae in Waihī, Te Rereatukahia Marae in Katikati, and students from Ngāti Awa iwi were put through the Coastguard boating education Day Skipper course. The pilot was so successful, it is now being rolled out across the region.
- **He Toka Tū Moana Environmental Scholarship 2022** – this year we were delighted to award scholarships to six students. The scholarship aims to recognise and support students who are undertaking study, research or training that contributes to the enhancement of the taiao (natural environment).
- **Pou Taiao Cultural Monitoring** – Council provided resourcing and staff support to investigate and report on a range of initiatives to strengthen hapū/iwi cultural monitoring capacity and capability. Key areas considered include measures to strengthen capacity and capability, increase pathways to hapū/iwi Rangatiratanga, and providing Local Government as well as the other agencies with consistency through streamlined engagement and consultation processes. Council has also supported Pou Taiao Ltd (collective of hapū/iwi practitioners) to develop a framework and representatives of Pou Taiao presented to Komiti Māori the "Aroturuki – Cultural Monitor Training Guide". This guide is a great resource and will be freely accessible to tangata whenua from the council website.

Community participation and constructive relationships

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

We are also looking to transform how we work with volunteers – we value the work they deliver. We are looking at increasing participation in our work and decision making by doing more with our communities. This includes seeking the public's perspectives and thoughts, but also supporting the public to deliver some of the work we do through community and volunteer groups.

Highlights from the past year include:

- **Environmental Enhancement Fund (EEF)** – EEF supports local projects that aim to improve the environment, raise environmental awareness and use the enthusiasm and skills of the community to achieve identified environmental projects which enhance, preserve or protect the region's natural or historic character. Increased demand for funding during 2021/22 has resulted in $300,000 allocated to 18 projects across the region. Projects need to be completed within three years. It is anticipated that organisations will contribute close to 12,000 hours of volunteer work over the next three years. A total of six projects were completed during 2021/22, one was funded in 2021/22 and the remainder were funded in previous years.
- **Youth Involvement Project (YIP)** – The YIP project was designed to help Council better involve youth in our decision making and action. Through an open recruitment process a panel of rangatahi from across the region were selected and supported to develop a Youth Engagement Plan. This sets out a vision, actions and measures

for council to increase opportunities for young people to participate in decision making processes, connect with volunteering opportunities, identify career pathways, and target communications to young people. The Plan was adopted by Council on 23 June 2022. Implementation is already underway and will continue over the coming years.

- **Participatory Budgeting Trial reaches 46 communities –** Participatory budgeting is a funding approach where community propose projects which are screened by staff and funding is allocated by the public. The School Sustainability & Resilience Fund was set up for schools to trial this approach for projects related to sustainability and resilience. In this participatory budgeting trial, 1416 individuals allocated funding from 46 applications from schools, kohanga, kura, preschools, kindergartens and other education organisations from across the region

  As a result 18 projects are under contract and worth more than $150,000. The online Participate project had a representation index of 0.68 overall from 1416 participants based on age, gender, ethnicity and postcode. This is the closest match to census data yet.

- **Volunteer and environmental care groups growing** – Care groups within the region have grown to 75, from 65 which is a result of additional funding, ($500,000 per annum). This funding has enabled growth in the capability and capacity of groups in the sector, as well as facilitating additional support from staff to existing and new care groups.

  Additional funding allows the community to lead and to act on the environmental issues most important to them, such as the restoration project underway near the 125-year-old Anglican Church of Raukōkore. Volunteers are planting natives, removing weeds and trapping pests in the vulnerable coastal area to protect habitat for the resident Little Blue Penguins and preserve the historic building which is culturally significant for Te Whānau-ā-Apanui.

- **Regional Safety and Rescue Service Fund (RSRSF)** – The RSRSF helped with funding to support Surf Lifesaving NZ to deliver lifeguard services across much of the region over the 2021/22 summer period. In early 2022 a funding round was held for RSRS funding for the next two financial years with funding being allocated to several organisations that provide safety and rescue services within the Bay of Plenty including; Surf Lifesaving NZ, Coastguard NZ, the First Response Unit provided by Rotorua Mountain Bike Club, and Land Search and Rescue.

Te whakaurunga o ngāi Māori ki te tuku whakairo

Māori participation in decision making

Our region is home to approximately 39 iwi, 260 hapū and 180 marae across the region, with more than one third of the regional population identifying as Māori.

Geographically, 40% of the region is Māori land / landholdings comprised by over 1800 land trusts covering more than 5000 Māori land blocks. Māori make a significant contribution to the region through their ownership of assets; contribution to economic development; leadership in Treaty co-governance forums; and their kaitiaki roles and responsibilities which influence conservation, preservation and management of natural resources.

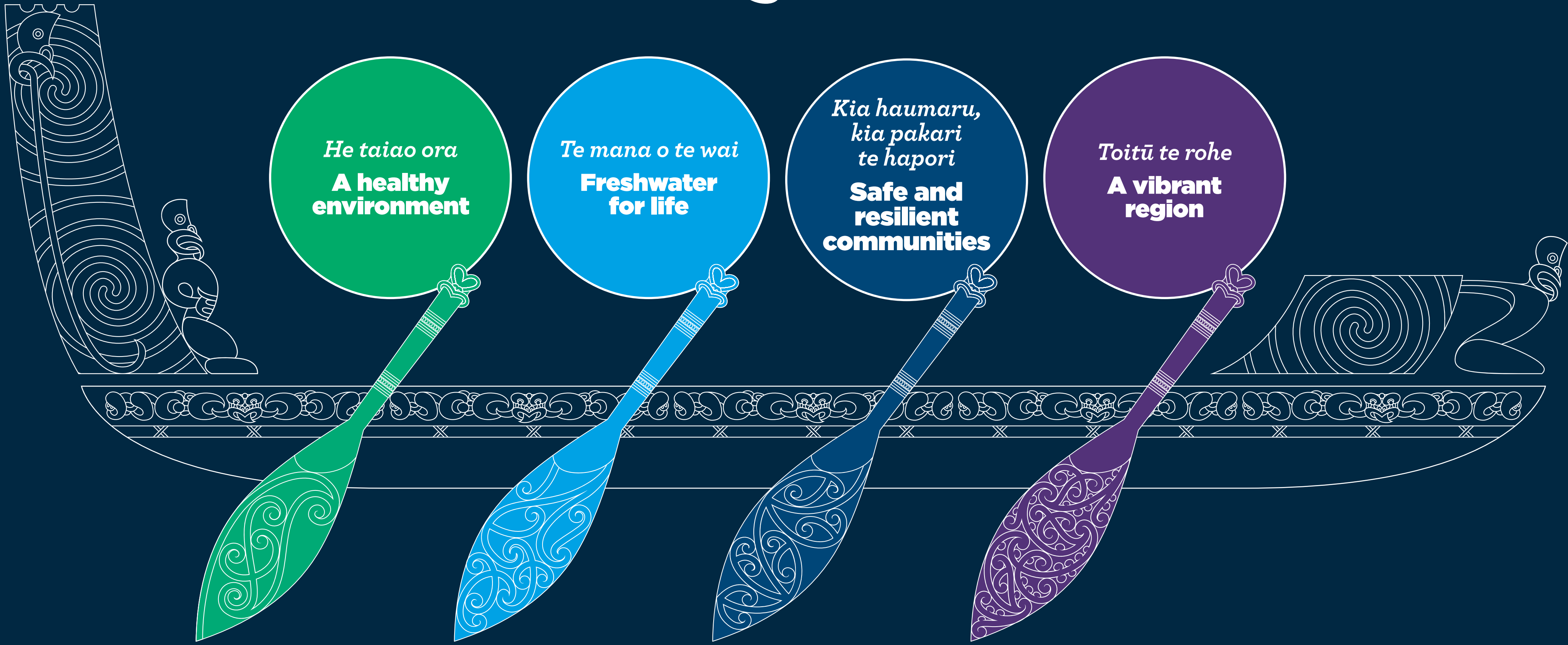
Driving enhancements to Council's responsiveness to Māori is ongoing in our mahi and a catalyst for promoting transformational change. We recognise that relationships and partnerships with Māori must be a key focus and is one of our top three priorities.

In August 2021, Komiti Māori approved Council's Partnerships with Māori Impact Statement, developed to guide governance and operations in the way we work, partner, and actively support Māori. The statement has a vision, principles, objectives, and goals, and identifies actions to enhance and innovate future partnerships. Staff have developed a specific plan of action for achieving the Impact Statement Objectives, and a Partnerships with Māori Programme to coordinate, direct and oversee specific projects and actions.

During 2021/22 we also supported Māori participation in decision-making processes through a range of activities including:

- Working collaboratively with MfE to assist Māori participants of the Making Good Decisions (RMA Hearing Commissioner) certification course. The programme facilitates practical experience (to shadow an actual Hearing Panel, observe a live hearing process and be mentored by an experienced commissioner) with a view to better position Māori Commissioners for selection in future hearing panels.
- Establishment of an independent Secretariat to support iwi participation within the Co-Governance entities of Te Maru o Kaituna and the Rangitāiki River Forum
- Ngā Kairapu (Regional Sector Māori Interest Group) providing advice and directions to synergise work in the freshwater space, with Te Kahui Wai Māori.
- Delivery of tailored RMA training to support tangata whenua capability and participation.

Ngā putanga a-hapori
Community Outcomes



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.

He taiao ora

A healthy environment

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 kowhaiwhai growing and flourishing from the one source.

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.

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

Highlights

Bay of Plenty Regional Council Toi Moana's new **Regional Pest Management Plan (RPMP) 2020–2030** became fully operative in early December 2021. Due to an Environmental Court decision, parts of the plan were required to be amended but the plan is now finalised and operational. The RPMP sets the rules and framework for how pests like wallabies, woolly nightshade, and catfish are excluded, controlled and in some cases, eradicated. In total 93 pest species are included under the new RPMP. As part of the RPMP the Pāpāmoa stormwater system was surveyed for pest fish such as perch and large goldfish. Systematic surveillance of this waterbody is ongoing, with hopes to extend the surveillance area in the future.

The **Pāpāmoa Hills Revitalisation Project (Te Whakarauoratanga o Te Rae o Pāpāmoa)** was progressed with the delivery of Stage 1 site preparation works for the new entryway and carpark at Poplar Lane. Significant work on the construction of the carpark, landscaping, ablutions, site interpretation, wayfinding signage and tomokanga is due for completion in 2023. To allow for track connection from the new carpark to the existing walkway, 1,400m of walking track construction will begin in September 2022.

This year the number of **Breaches of PM10 National Environmental Standards for Air Quality (NESAQ)** are showing an overall downward trend within the Mount Maunganui Airshed compared to previous years. Work continues in relation to emerging contaminants within the Mount Maunganui Industrial Area. The first two phases of the works program have now completed. Stage one involved urgent sampling of soil, sediment, and surface water to assess the potential risk to local residents and site users. The second phase included the development of an area wide preliminary site investigation report which is helping inform the direction of phase three. Phase three is scheduled for 2022/23 and is currently planned to include further sampling to build a more comprehensive picture of the extent of the contamination identified.

Performance measures

Biosecurity

This activity manages pests through the Regional Pest Management Plan (RPMP). This includes monitoring and management actions that help to protect ecosystem services to support our environment, our people, and our economy from the negative impacts of pests.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Deliver effective pest management

Proportion of wallaby satellite populations (outside progressive containment area) where wallabies no longer detected

Previous year result	Goal 21/22	Result 21/22	Result
New measure	70%	57%	

Commentary: The target for 2021/22 was not achieved. While a significant number of pest management programmes are tracking well, the 2021/22 target for eliminating wallaby 'satellite populations' was not achieved. This measure tracks progress in eliminating the seven satellite populations known to be present outside the Containment Area as of 30 June 2021. As of the end of 2021/22, one population is considered eradicated, and three more considered 'functionally eradicated', i.e. monitoring has not detected wallabies this year, or only a single animal is known to be present. Two other populations have control operations in progress. The final population has had initial control completed but multiple survivors have been detected and additional work is needed.

The percentage of RPMP programmes that are on-track

Previous year result	Goal 21/22	Result 21/22	Result
78%	85%	96%	

Commentary: The target for 2021/22 was achieved. There are a total of 112 Regional Pest Management Plan (RPMP) programmes.

At year end 107 programmes were recorded as being 'on track', leading to a 96% result. This result shows solid progress towards achieving RPMP objectives and exceeds the 2021/22 goal of 85%.

No incursions of exclusion pests were detected, and there was a net reduction of 125 hectares infested by 'eradication' and 'progressive containment' pest plants.

Resource Consents

The Resource Consent activity processes and makes decisions on resource consent applications, which are permissions required for activities that may have an effect on the environment. This ensures statutory requirements are fulfilled and a fair process for decision-making on regional natural and physical resource use is followed. Key beneficiaries include consent applicants, affected parties to the consent, members of the public, Regional Council staff (as part of the consent lifecycle) and tangata whenua.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide a clear and timely resource consent process consistent with our regional planning documents

The percentage of non-notified consents issued within statutory timeframes

Previous year result	Goal 21/22	Result 21/22	Result
95%	95%	97%	●

Commentary: The target for 2021/22 was achieved. 97% of all non-notified consents were processed within the statutory timeframes. This is consistent to the 2020/21 result (98%) and up from 95% in 2019/2020.

Timeliness was stable throughout the year, with a slight improvement in the second half of the year. The volume of processed non-notified consents was very similar compared with last year.

The number of consent decisions overturned at appeal or judicial review where the proposal has not significantly changed between Council and Court decisions

Previous year result	Goal 21/22	Result 21/22	Result
Not available	Nil	Nil	●

Commentary: The target for 2021/22 was achieved. No consent decisions were overturned at appeal or judicial review during the year.

The percentage of customers who are satisfied overall with the service provided during the consent process

Previous year result	Goal 21/22	Result 21/22	Result
84%	84%	88%	●

Commentary: The target for 2021/22 was achieved. During the year, 13% of resource consent applicants responded to the survey, resulting in an 88% satisfaction score. This exceeds the target of 84% and is a 4% improvement from the previous year.

Air Quality

The Air Quality activity is focused on the Mount Maunganui and Rotorua airsheds. Historical work has included regulation and funding to assist with the removal of solid fuel burners from the Rotorua airshed. The current focus is the monitoring and enforcement of air discharges, and investigation of exceedances when they occur.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Improve air quality

The number of exceedances of air quality limits in priority air sheds			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
21	<21	5	● (green)

Commentary: The target for 2021/22 was achieved. There were five days during the year where air quality limits (PM10 particulate levels) were exceeded in the Mount Maunganui airshed. This is an improvement compared to last year, where exceedances were noted during 21 days. Note: One permissible exceedance occurred in the Rotorua Airshed during the year but is not included in the result above.

The percentage of recorded exceedances of National Environmental Standards for Air Quality (NESAQ) standards in the Mount Maunganui airshed where investigation has started within 10 working days			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	90%	100%	● (green)

Commentary: The target for 2021/22 was achieved. All investigations of air quality exceedances have started within 10 working days.

Regional Parks

The Regional Parks activity includes two regional parks (Pāpāmoa Hills Regional Park and Onekawa Te Mawhai Regional Park), primarily for the protection of cultural heritage values, but also with significant environmental benefits through the protection of native plants and the planting of steep slopes to assist with the mitigation of climate change.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Manage our regional parks sustainably

The number of visitors to regional parks			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
116,155	121,635	102,250	● (orange)

Commentary: The target for 2021/22 was not achieved. The 2022 result is 12% less than the 2021 result of 116,155. Up until January, the total visitor numbers were increasing compared to last year, despite the COVID-19 alert level escalation having led to less people visiting the parks during August.

The main reason for the subsequent decline following January, is likely to have been roadworks on Te Puke Highway. The roadworks rendered the main Pāpāmoa Hills entrance (Poplar Hill) inaccessible for traffic coming from the Mount Maunganui direction, from mid-February to late March. This led to approximately 60% lower visitor numbers during the period compared to last year.

Onekawa visitors decreased by 16% (and made out 17% of the total visitors), whilst Pāpāmoa Hills decreased by 11%.

Visitor satisfaction for visitors to regional parks			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	75%	98%	●

Commentary: The target for 2021/22 was achieved. 98% of the 254 respondents to the visitor satisfaction survey were satisfied with the regional parks (Pāpāmoa Hills Cultural Heritage Regional Park and Onekawa Te Mawhai).

The survey was conducted from March to May, and available both physically (at the parks), and in a digital format through the BOPRC website. Plenty of suggestions on how to improve the parks were received, and will be taken into consideration for future planning.

Policy and Planning

The Policy and Planning activity ensures that development occurs in a sustainable way that achieves positive social, environmental and cultural outcomes. We do this through policy analysis and plan-making, focusing on fresh water, air quality and coastal management.

This includes planning documents under the Resource Management Act 1991, such as the Regional Policy Statement (RPS), the Biosecurity Act 1993 and the Local Government Act 2002. We promote integrated regional resource management by providing input on district consent applications, district plans and other policy from Central and local government.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide robust and legislatively compliant planning and policy

Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment process			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
100%	90%	Not yet available	●

Commentary: The NZIER report revealed all reports are satisfactory or higher.

Percentage of proposed Plan Changes and other Policy Statements agreed through the Regional Council approved policy work programme that are approved for notification by Regional Council without substantive changes and within agreed timeframes			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	100%	100%	●

Commentary: The target for 2021/22 was achieved. During the year, RPS Plan Change 5 (Kaituna) was approved for notification within timeframe and without substantive changes.

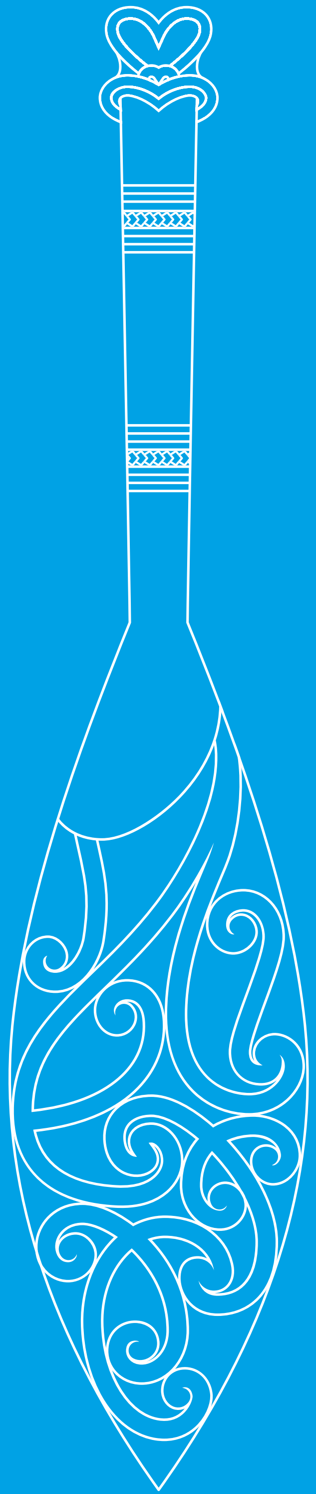
Environmental Strategy

The Environmental Strategy activity provides advice and support for climate change, regional development, and strategy development.

LEVEL OF SERVICE STATEMENT:
Provide robust and legislatively compliant planning and policy

Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment process			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
100%	90%	Not yet available	●

Commentary: The NZIER report revealed all reports are satisfactory or higher.



Te mana o te wai

Freshwater for life

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.

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

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

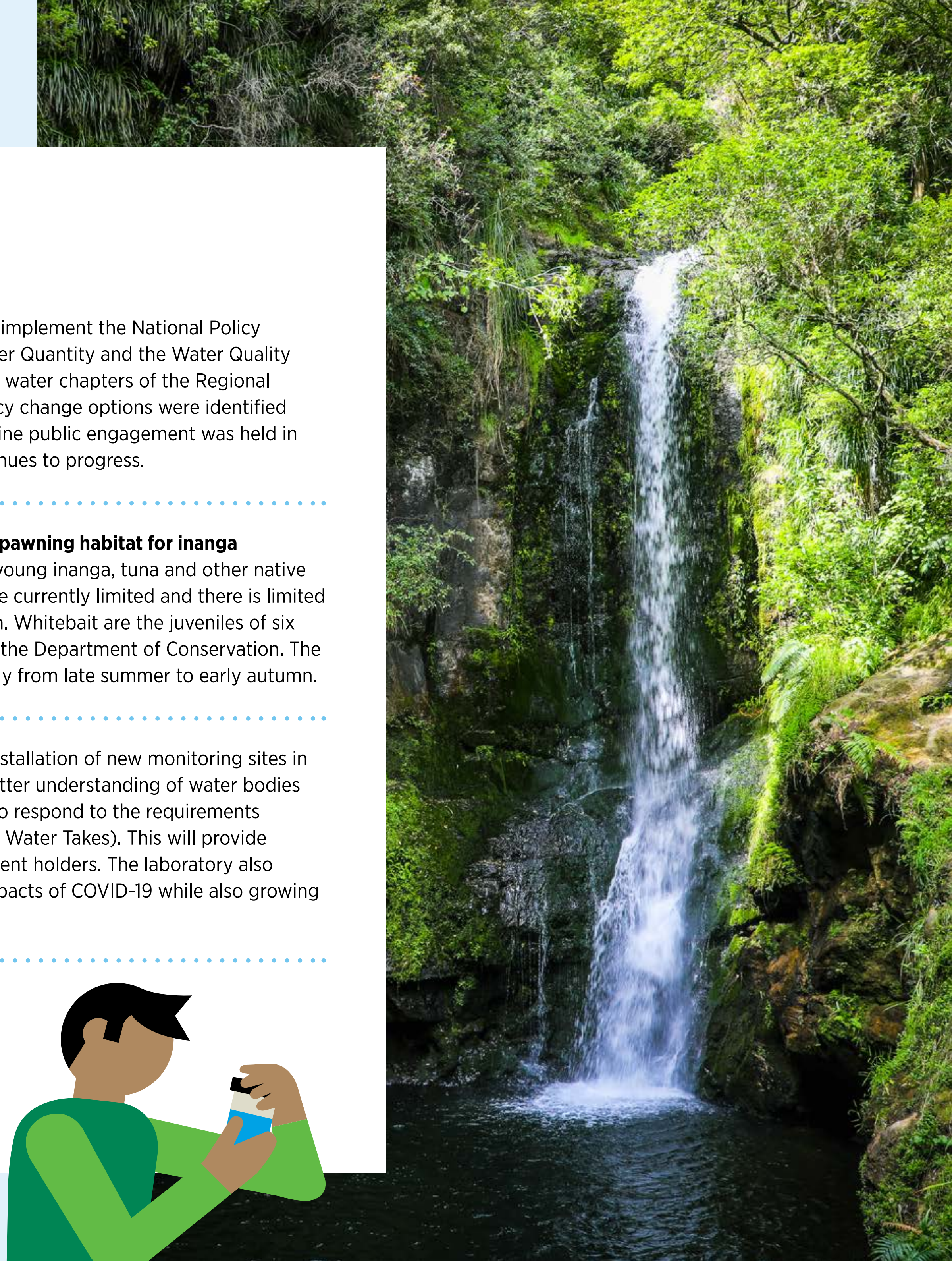
Highlights

As part of progressing the **Essential Freshwater Policy Programme** to implement the National Policy Statement for Freshwater Management (NPS-FM), a review of the Water Quantity and the Water Quality and Land Use chapters of the Regional Policy Statement, and land and water chapters of the Regional Natural Resources Plan has been undertaken. Following this, draft policy change options were identified and long term vision statements for freshwater have been drafted. Online public engagement was held in relation to these changes and engagement with tangata whenua continues to progress.

This year saw a new trial on the Whakatāne River looking at **creating spawning habitat for inanga** (whitebait) directly upstream from the ponds already constructed for young inanga, tuna and other native fish to keep them safe from predators. Spawning opportunities here are currently limited and there is limited habitat for those inanga to lay their own eggs and grow the population. Whitebait are the juveniles of six species of fish, four of which are classed as threatened or declining by the Department of Conservation. The work will be to allow the inanga spawning season to take place annually from late summer to early autumn.

Our **Data Services team** this year has increased its capacity with the installation of new monitoring sites in the Tutaetoko, Rangitāiki and Waipapa catchments. This will enable better understanding of water bodies and their impacts on communities. New systems have also been built to respond to the requirements of Resource Management Regulations (Measurement and Reporting of Water Takes). This will provide approximately a thousand daily data submissions of water use by consent holders. The laboratory also maintained its essential drinking water testing services through the impacts of COVID-19 while also growing its level of support provided to external clients.

The **Low Nitrogen Land Use Fund for Lake Rotorua** has continued its work supporting trials of low nitrogen land uses in the Lake Rotorua Catchment. This year a Hedged Manuka for Oil Pilot Project has commenced with the first harvest and oil distillation set to commence shortly. Work has also continued on the Hazelnut Trial.



Performance measures

Coastal Catchments

We protect and restore biodiversity and water quality by working with landowners, tangata whenua, industry, and the wider community, usually via Environmental Programmes. These involve a range of interventions, including fencing and planting of biodiversity and stream margins, wetland enhancement, treatment wetland construction, improved drain management, and a range of other controls designed to intercept contaminants and help control animal and plant pests.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Improve indigenous biodiversity and waterbodies in the Bay of Plenty catchments

The percentage of monitored river and stream sites that meet the swimmability requirements under the National Policy Statement for Freshwater Management (NPSFM)

Previous year result	Goal 21/22	Result 21/22	Result
79%	75%	71%	

Commentary: The target for 2021/22 was not achieved. A total of 24 sites were analysed and 17 (2021, 19) were deemed swimmable in the bathing season. The 5 sites that were deemed ‘not swimmable’ in 2020/21 were also ‘not swimmable’ in 2021/22, but due to a slightly worse result for two further sites, the total score (71%) dropped below the target of 75%. Samples for swimmability are taken during the bathing season, which runs from October to April.

The National Policy Statement (NPS) requires data to be collected during the months people swim (October – April). There are 31 riverine swimming sites throughout the region. This measure monitors 24 riverine sites that were predetermined in 2018. Over a five-year period (maximum) there are a minimum of 60 weekly bathing samples taken from each of the specified sites. These results are summarised using an average of numeric attributes in accordance with the numeric attributes outlined in Table 9 of Appendix 2 in the NPS-FM (2020). This method typically returns the best-case result. Each site is graded A to E, where grades A-C are deemed swimmable. There has since been a change to the guidance in the NPS and Council are assessing how to report this result compared to the targets set in LTP 2021-31.

Understanding the causes of bacterial contamination and then remediating problems is complex, but Council continues to work on identifying sources and types of *E-coli* entering waterways, and determining the best mitigation approaches. This often includes negotiating Environmental Programmes with landowners to reduce the risk of run-off through actions such as stock exclusion fencing, land retirement and buffer planting. In some circumstances such as high rainfall events it can be impossible to mitigate bacterial run-off without changing/restricting land use.

Note: This measure is also applicable to Rotorua Lakes.

The percentage of all identified Priority Biodiversity Sites that are actively managed			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
42%	43%	43%	●

Commentary: The target for 2021/22 was achieved. 43% of the identified Priority Biodiversity Sites in the Bay of Plenty were actively managed during the year. In total, 185 sites were actively managed, meaning that actions have been taken to key pressures (e.g. animal and pest plants) during the last 12 months.

Note: This measure is also applicable to Rotorua Lakes.

Rotorua Lakes

The Rotorua Lakes activity integrates the delivery of services within Rotorua Te Arawa Lakes that focus on ensuring the lakes are thriving by recognising and providing for te mana o te wai (the intrinsic value of water). We protect and restore biodiversity and water quality by working with landowners, tangata whenua, industry, and the wider community through environmental programmes and other activities, including implementation of Plan Change 10 requirements. Work includes fencing and planting of biodiversity sites and stream margins, wetland enhancement and a range of other controls designed to intercept contaminants and help control animal and plant pests.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Improve indigenous biodiversity and waterbodies in the Bay of Plenty catchments

Number of Rotorua Lakes that have reached their Trophic Level Index (TLI), based on the three year rolling TLI			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
4	3	4	●

Commentary: The target for 2021/22 was achieved, with four of the twelve Te Arawa lakes reaching their TLI Targets based on the three-year rolling average. The lakes achieving their target were: Ōkaro, Ōkataina, Rerewhakaaitu and Rotomahana.

Six of the lakes not achieving the target have a very small margin between their three year rolling TLI and their target TLI (0.2 or less units) and only two (Rotoehu and Rotokakahi) exceeded their target by more than 0.2 units.

The three-year rolling average TLI of Lake Rotorua is maintained at or close to its target through phosphorous locking (alum dosing), the algal blooms experienced on Rotorua over the last two years are reflected in the TLI result.

The percentage of monitored river and stream sites that meet the swimmability requirements under the National Policy Statement for Freshwater Management (NPSFM)			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
79%	75%	71%	●

Commentary: Refer to commentary under the Coastal Catchments section.

Note: This measure is also applicable to Coastal Catchments (page 24).

The percentage of all identified Priority Biodiversity Sites that are actively managed			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
42%	43%	43%	●

Commentary: Refer to commentary under the Coastal Catchments section.

Note: This measure is also applicable to Coastal Catchments (page 24).

Regulatory Compliance

The Regulatory Compliance activity promotes good environmental outcomes and environmental stewardship by delivering three core services: compliance monitoring of resource consents, responding to environmental complaints and enforcing compliance with the Resource Management Act, regional plans, and national regulations and standards. In addition, we work to promote compliance and the effective implementation of plans. We work to ensure development activities involving water, geothermal, air, land and coastal resources do not negatively impact on the natural environment or put people's health at risk.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Ensure consent conditions are monitored and complied with; and respond to environmental incident complaints

The percentage of scheduled compliance monitoring assessments conducted as per Regional Council's annual compliance monitoring programme			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
94%	90%	92%	●

Commentary: The target for 2021/22 was achieved. During the year 3,719 compliance monitoring inspections were completed with an assessment result, compared to 4,861 inspections in the previous year. On-time performance was 92%, slightly lower than last year (94%) but above the target of 90%.

The percentage of urgent complaints made to the pollution hotline that are responded to within twelve hours			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
100%	99%	100%	●

Commentary: The target for 2021/22 was achieved. All calls were responded to within required timeframes. Key reasons for complaints ranged from sewage overspill, discharges to water, hydrocarbon spillage and sediment discharge.

The percentage of non-urgent complaints made to the pollution hotline that are responded to within three working days			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
97%	99%	99%	●

Commentary: The target for 2021/22 was achieved. A total of 3,085 non-urgent complaints were received during the year, a decrease of 17% from last year. The most common non urgent complaints related to odour, smoke, dust, and discharges to water and land.

Technical Support

The Technical Support activity is focused on providing accessible, relevant and trusted data and science, as well as technical engineering expertise and design advisory services. These are both delivered directly to the community and as support to other Regional Council activities.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide the community with ready access to environmental data

The percentage of State of the Environment reports published			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	90%	78%	🟠

Commentary: The target for 2021/22 was not achieved. During the year, 18 State of the Environment reports were scheduled to be published, of which 14 have been completed (78%). The four outstanding reports are forecast to be published before the end of the calendar year (2022).

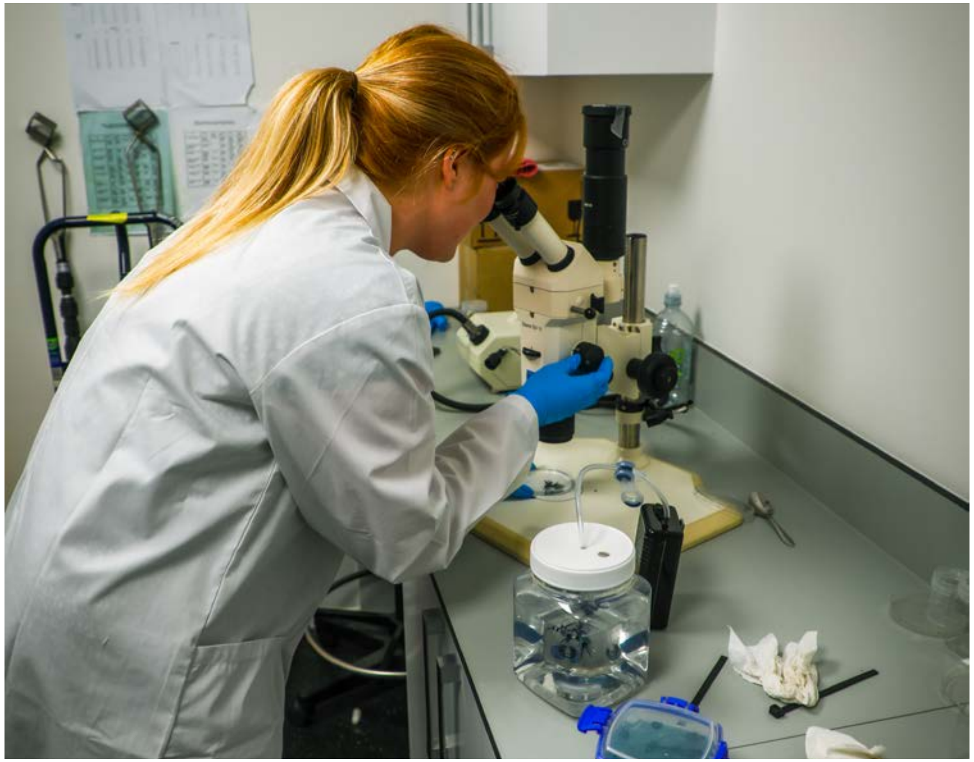
The percentage of available online real-time deliverable environmental data			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
97%	95%	97%	🟢

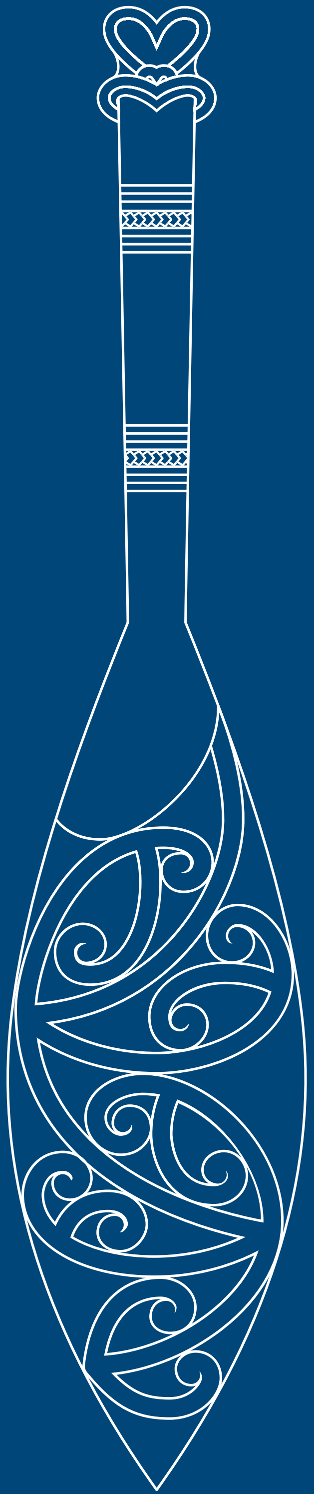
Commentary: The target for 2021/22 was achieved. 97.0% of the datasets approved for publication had been available online at the end of June 2022.

This is a slight increase compared to last year (96.8%) and higher than the target of 95%.

The percentage of designated swimming sites monitored for recreational water quality			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	90%	99%	🟢

Commentary: The target for 2021/22 was achieved. The swimming sites monitoring programme ran for 23 weeks, from late October through March, with weekly sampling occurring on 73 sites throughout the region. In total, only 12 out of 1679 samples were missed, due to severe weather and access being temporarily blocked at one site. 98.8% of the sites had two or less weekly samples missed throughout the period, well exceeding the annual target of 90%.





Kia haumaru, kia pakari te hapori

Safe and resilient communities

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.

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

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

Highlights

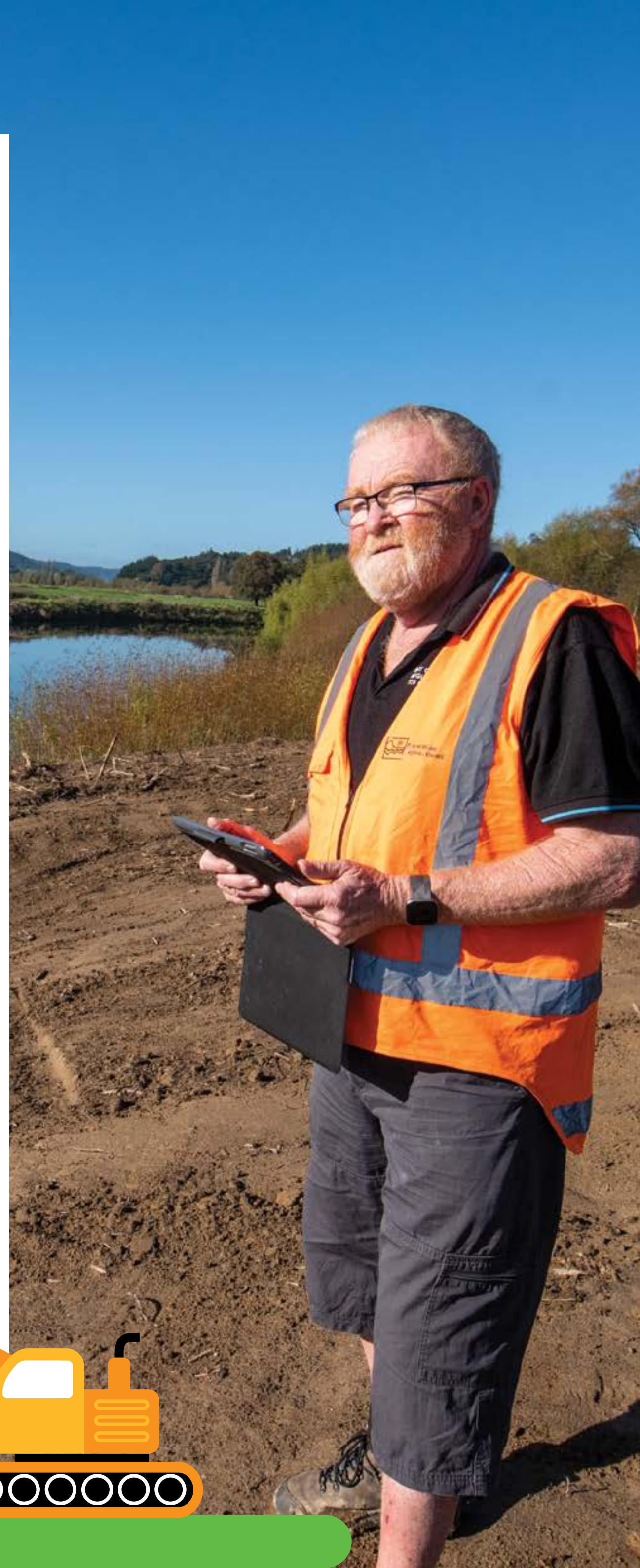
With the help of some funding from Maritime New Zealand our Maritime team developed an Iwi Safe Boating Program - **Kia marutau ki te wai – be safe in the water.**

The course was attended by tāngata whenua from four separate Marae across the region. It included an online Coastguard Day skippers' course, and three days of training covering Practical Safety Equipment and personal floatation device (PFD) checks, bar crossing familiarisation and a boat handling day in Tauranga.

The course also included being onboard with our Harbour Patrol team. This is to assist their understanding on how our Maritime team educate and enforce our Navigation Safety Bylaws. Upon completion of the course participants will be able to deliver safe boating education at their local maraes, supported by some great resources specifically made for them by our Maritime team.

Major maintenance work on the **Kaituna Mole (Mole)** reached practical completion just prior to the end of 2021. The Mole is a sheet pile structure that required major maintenance to remain fit for purpose and safe for public use. The work involved installing 50 metres of new sheet pile facing around the existing structure, new concrete decking along with benches, tables and handrails to support public use. Finishing features included a bait and filleting bench and some additional steps to improve access. There were some issues including delays with materials coming from overseas, a population of shore skinks and a COVID-19 lockdown but the project was delivered on time and underbudget. Surrounding landscape works and toilet facilities are expected to be completed in 2022-23.

Council has worked with landowners along sections of the **Whakatāne River** stopbank where structures on their property have encroached on council owned land. This project, known as "Safeguarding our Stopbanks" is part of a wider and staged work programme to ensure stopbanks and other Council assets can be accessed, remediated and ensure community flood protection defences are well maintained. This year work began on the first stage of the urban encroachment removal work which involved 17 properties on Henderson Street that back on to public stopbank land. Encroachments removed from the stopbank structure included gardens, large trees, substantial landscaping and fencing. This area of stopbank is now fully remediated and able to be easily accessed, managed and maintained by Council. The next stage of works is planned for 2022-23.



Performance measures

Emergency Management

Emergency Management is a combination of directly provided services and the co-ordination of services provided by a range of parties. The Bay of Plenty Civil Defence Emergency Management (CDEM) Group partnership agreement came into force 1 July 2020 and identifies the key parties involved: Emergency Management Bay of Plenty (EMBOP), Regional Council and Bay of Plenty CDEM Group (Group) which includes the six district and city councils in the region.

EMBOP through the CDEM Group Emergency Management Office (GEMO), is responsible for delivery of services on behalf of the Group, including the development of plans and policies, response capability planning and hazard and risk analysis functions. This is funded through a CDEM regional targeted rate.

Regional Council is the administering authority for the Group and is responsible for providing administrative services for EMBOP and the Group. This includes providing facilities and a sufficient number of trained staff to enable Group Emergency Coordination Centre (GECC) capability and operational excellence, building community resilience and leading the identification of communities at risk. The administering authority also provides financial management for the CDEM Group, including budgeting and reporting.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
We will maintain capability to effectively respond to an emergency; and provide community education initiatives to increase public awareness and readiness for local and regional hazards

The level to which the region is prepared for and can effectively respond to an emergency			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	60%*	52%	●

Commentary: The target for 2021/22 was not achieved. Regional Council currently has:

- 47 staff on its roster that are trained and have attended a CDEM activity in the last 12 months, and
- 19 (additional) staff on its roster that are trained, but are yet to attend a training exercise.
- The total roster consists of 90 staff members.

In total, 73% of the staff on the roster has been appropriately trained, but due to COVID-19 disruptions, a number of courses and CDEM exercises have been cancelled during the year. Despite this, 52% of the roster has been trained and participated in training or an exercise in the last 12 months. In order to achieve the target, seven more staff members would have had to participate. The council is well positioned to achieve the target next year.

Rivers and Drainage Schemes

This activity delivers a range of services designed to protect people, property, livelihoods from flooding and provide land drainage to some of the region's most productive land. Services include the creation and maintenance of flood protection, drainage assets and implementation of the Flood Protection and Drainage Bylaws

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide flood protection and drainage

Percentage of maintenance and repairs completed in accordance with the Rivers and Drainage Asset Management Plan			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	85%	100%	●

Commentary: The target for 2021/22 was achieved. The total budget for maintenance accounted to $10.8m at the start of the financial year. By the end of the year, the full budget allocation was expensed.

Percentage of renewals completed in accordance with the Rivers and Drainage Asset Management Plan			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	75%	75%	●

Commentary: The target for 2021/22 was achieved. The total budget for renewals and floodworks accounted to $12.5m. By the end of the year, $9.4m worth of renewals and floodworks has been delivered, making up 75.5% of the annual budget. Note, carry-forwards and in-year budget revisals are not included in this measure.

Regional Flood Risk Coordination

The Regional Flood Risk Coordination activity provides leadership, management, information and advice to manage flood risks and flood hazards in the Bay of Plenty. This includes carrying out flood forecasting, floodplain monitoring, river and engineering surveys to support the development of floodplain management strategies.

This includes working with other parts of the Regional Council in taking an integrated catchment approach. Alongside this, we provide flood management systems, flood room functionality and maintain a flood warning manual.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide the community with timely warning of potential flooding

Percentage of flood warnings at pre-determined levels given in accordance with the flood warning manual

Previous year result	Goal 21/22	Result 21/22	Result
100%	100%	100%	●

Commentary: The target for 2021/22 was achieved. There were 44 flood warnings messages issued in the region during the year. All warnings were in accordance with the flood warning manual. The three months April-June 2022 had the most flood warnings where 16 were issued.

Maritime Operations

The Maritime Operations activity provides a 24/7 navigation safety and maritime oil spill response across the region, as required by regulations and Regional Council requirements. This involves operating an around-the-clock call centre and duty roster, administering mooring and commercial/event licences and maintaining navigational aids, lights and beacons around the region. We promote navigational safety through a combination of enforcement and education.
Our aim is to ensure people are kept safe on the water and our maritime environments are protected from spills. The activity also supports other parts of Council to conduct activities on the water.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Minimising risks and effects of maritime oil spills and navigation hazards

Percentage of oil spills in Tauranga responded to within 30 minutes

Previous year result	Goal 21/22	Result 21/22	Result
100%	95%	100%	●

Commentary: The target for 2021/22 was achieved. There were 31 oil spills in Tauranga that required a response during the year. Actions were taken within 30 minutes for all spills.

Percentage of oil spills outside Tauranga responded to within two hours

Previous year result	Goal 21/22	Result 21/22	Result
100%	95%	100%	●

Commentary: The target for 2021/22 was achieved. There were four oil spills outside Tauranga that required a response during the year. Actions were taken within two hours for all four spills.

The percentage of time that at least one vessel is available in each of the Tauranga, Rotorua Lakes and Whakatāne areas to respond to maritime emergencies			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	95%	100%	

Commentary: The target for 2021/22 was achieved. All sites had at least one vessel available to respond to maritime emergencies throughout the year.

The percentage of navigation aids of "good" quality or higher			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
99%	95%	99.9%	

Commentary: The target for 2021/22 was achieved. During the year, 99.9% of the navigational aids were rated as good quality or higher. This is measured on a monthly basis. At the end of the year, 828 navigational aids throughout the region were maintained by the Council, of which 826 were rated as good quality or higher.

Toitū te rohe

A vibrant 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.

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

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

Highlights

More direct travel and convenient services were part of the new **refreshed bus network** launched in November, following community consultation. The refresh allowed more sustainable travel and aimed to attract more public transport users with improved routing, and less passenger transfers. It also aimed to reduce vehicle emissions by reducing the number of low-patronage or empty "not in service" buses running, with nine buses being removed from the Tauranga fleet.

Our Bay of Connections team worked with a diverse group of stakeholders to develop the report **Establishing a Regional Cycle Network in the Bay of Plenty**. Drawing together social, cultural, environmental, transport and economic perspectives, the report considers the opportunity to build upon existing investments to better connect and develop cycle networks and trails in the wider region. The final report was circulated to stakeholders for their review and consideration.

During the year a number of incidents occurred impacting the **safety and security of bus users and bus drivers** within the Tauranga network, in particular located around the CBD interchange. Council, together with our partners including Police, NZ Bus and Tauranga City Council took action to address these concerns. This required further investment to improve the quality of the security arrangements on the Tauranga bus network and a slight amendment to the timing of when the free fare scheme was applicable.

This year our online engagement site – **Participate Bay of Plenty** had almost 22,000 unique visitors and 2677 contributions. Our community provided formal and informal feedback online to 18 projects ranging from mapping Freshwater sites and Kauri trees, to formal submissions for transport projects, and annual plan aligned policies, and targeted private surveys for sensitive topics. Participatory budgeting was also trialled, where community proposed projects to support sustainability and climate change resilience outcomes, and the public allocated the funding. 46 applications passed screening criteria, and 18 are successfully under contract to deliver their projects by the end of 2022.

Performance measures

Public Transport

The Public Transport activity provides passenger transport services across the region, and transport for people with impairments. The activity looks to improve accessibility to employment, education and essential services for the community, while reducing road congestion and emissions. It plans, contracts, funds and monitors public transport services, including the Bayhopper, Schoolhopper, Cityride networks and concessionary fare schemes such as Total Mobility. Effective public transport requires a continued collaborative approach between Regional Council and operators, district and city councils and Waka Kotahi NZ Transport Agency.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide a quality cost-effective public transport system

The number of public transport trips taken in the region (GOA-level)			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
2.66m	Increase from prior year	2.25m	●

Commentary: The target for 2021/22 was not achieved. There were 2.25 million trips taken in the region this year, which is 15.4% lower than 2020/21, and the target.

A key reason for the year-on-year decline was the ongoing effect of COVID-19 on patronage, which included an alert level escalation in August, both in the Bay of Plenty and in the rest of New Zealand, and the Omicron outbreak in early 2022. The Tauranga network moved to a weekend timetable at the end of February 2022 due to the reduced availability of bus drivers, and the Rotorua network ran a weekend timetable during March.

The introduction of half price fares on 1 April 2022 encouraged an increase in patronage for the month of April, with a slight decline in May and June. This is reflective of annual seasonality trends. Total bus patronage for April to June 2022 was down by 9.5% compared to the same period last year. A positive trend has been noted on the Rotorua network however, where patronage for April to June 2022 increased by 3.3% compared to the same period last year. Council has embarked on a significant project to refresh the urban bus network in Rotorua, tentatively commencing early/mid 2023 (dependent on required infrastructure changes). The project aims to make buses in Rotorua more attractive and simpler to use and includes introducing new bus routes which go across the city, putting buses on new streets and removing them from others where fewer people catch the bus.

Note: This measure is applicable to the Transportation and Urban Planning Group of Activities as a whole.

Customer satisfaction of bus users			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
Not available	80%	No data available	●

Commentary: No customer satisfaction survey was conducted during the year. This was due to a combination of capacity constraints, and the ongoing effects of COVID-19 on the transportation operating environment. A customer satisfaction survey has been commissioned and is currently anticipated to be completed during the second quarter of FY 2022/23.

Transport and Urban Planning

Integration between urban form and transport is critical across the Bay of Plenty region. This activity supports the development of a regional spatial plan and the development or updating of local spatial plans to help manage growth and demand for housing. Council supports urban form by providing an effective and efficient transport network. This activity enables us to meet our obligations under the Land Transport Management Act 2003, such as the Regional Land Transport Plan (RLTP) and Regional Passenger Transport Plan (RPTP). This involves strategic planning for the public transport network, including adding or altering bus routes or introducing new services.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Provide a quality cost-effective public transport system; and provide robust and legislatively compliant planning and policy

Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
100%	90%	100%	●

Commentary: The NZIER report revealed all reports are satisfactory or higher.

Māori Policy

The Māori Policy activity provides strategic advice, support and leadership on Māori relationship management, engagement and policy, to ensure we meet our statutory responsibilities to Māori in the region. Through solidifying and enhancing our relationships with Māori we are able to support participation by Māori in processes that help deliver Regional Council priorities and outcomes. This activity also facilitates the integration of mātauranga Māori in Regional Council business.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Building Māori participation in Council decision making

The number of shared decision-making arrangements operationalized and supported by Council

Previous year result	Goal 21/22	Result 21/22	Result
Not available	Increase from prior year	6	●

Commentary: The target for 2021/22 was achieved. The focus during the year has been on framing the Māori Partnerships Programme and establishing baseline metrics against which to measure future progress. There are currently six shared decision-making arrangements and partnerships that are operational and supported by Council. These include Te Uepu Pāpāmoa Hills Cultural Heritage Regional Park, Ōhiwa Harbour Implementation Forum, Te Maru o Kaituna River Authority, Rotorua Te Arawa Lakes Strategy Group, Rangitāiki River Forum, and Tauranga Moana Advisory group. All six arrangements are formalised and have been meeting on a regular basis during the year.

Community Engagement

The Community Engagement activity facilitates community involvement in council decision making. This helps ensure that our work is more closely aligned to community expectations. This activity manages the Environmental Enhancement Fund (EEF) and Community Initiatives Funding (CIF). This provides funding for community groups to deliver projects that are aligned to council outcomes and leverage the enthusiasm and skills of the community.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Support community projects which help improve our environment; and provide opportunities for community engagement with the work of Regional Council

Percentage of completed EEF projects that have achieved their measured goals

Previous year result	Goal 21/22	Result 21/22	Result
100%	90%	100%	●

Commentary: The target for 2021/22 was achieved. Six projects were completed during the year, all of which met their goals.

Return on investment ($ Council funds committed: $ of volunteer labour) on EEF projects based on volunteer labour

Previous year result	Goal 21/22	Result 21/22	Result
Not available	1 : 1.5	1 : 1.61	●

Commentary: The target for 2021/22 was achieved. Six projects which received $64,274 in council funding were completed during the year. These projects had a total of 4,545 reported volunteer hours. Based on the living hourly wage ($22.75) these volunteer hours equate to $103,000 in value. When added to the EEF grants over $167,000 in value was delivered to the community.

Note: EEF projects can take up to three years to complete. The two EEF-related measures only include projects that have been completed in 2021/22. These projects may have received funding up to three years ago. For context, 18 projects have been funded in 2021/22 and these are expected to complete over the next three years.

The degree to which the demographics of the people that take part in formal engagement with Council is representative of the broader community affected by the issue			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
0.62	Increase from prior year	0.60	●

Commentary: The target for 2021/22 was not achieved. During the year, two formal engagements took place. Consultation on the Pāpāmoa Bus Network, where the respondents had a high representativeness in regards of gender, but as it was geographically focused, a low score on location. The second consultation provided people the opportunity to vote on which projects should receive funding from the School Sustainability and Resilience Fund. The overall representative score of those persons casting a vote was high, especially in regards of ethnicity. The total score for the two engagements was 0.60, just below the target of 0.62 (1 is maximum).

Governance Services

The Governance Services activity supports the democratic structure and processes of the Regional Council. The activity assists the Regional Council in decision making processes and supports elected members in providing good governance in an open and transparent manner. The Governance activity is responsible for the administration of the triennial elections, reviewing the representation structure, elected members' remuneration and expenses, and ensuring Regional Council, committee and co-governance meetings comply with legislative requirements. It also provides governance advice, support and guidance to Regional Council and the Chief Executive.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Promote good governance and democratic decision making

Percentage of Council and Committee meeting agendas for all scheduled meetings that are available at least two working days before meetings			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
100%	100%	100%	●

Commentary: The target for 2021/22 was achieved with 66 out of 66 meeting agendas available on time. This is an improvement on the previous year where 97% of agendas were published on time.

Percentage of draft Council and Committee meeting minutes that are published on our website within 10 working days after the meeting			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
98%	95%	93%	●

Commentary: The target for 2021/22 was not achieved. In total 57 out of 61 (93%) of meeting minutes were available on time. This is an improvement on the prior year, however the result is below the target of 95%. This is due to the introduction of the livestreaming which led to an increased workload for the team alongside a staff vacancy.

Percentage of reports on Council agendas that are public excluded			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
New measure	Reduce from prior year	10.4%	● (green)

Commentary: In 2021/22, there were at total of 374 Council reports included in Council meeting agendas, of this 39 (10.4%) Council reports were publicly excluded. This is a new measure for 2021/22 and the result of 10.4% will set the benchmark for future years.

Percentage of Regional Council and Committee meetings live streamed to members of the public via a public website			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
New measure	90%	85%	● (orange)

Commentary: The target for 2021/22 was not achieved. Live streaming of core Council meetings in the council chambers was introduced from 30 September 2021. There were a total of 39 Regional Council and Core Committee meetings held during the year, of which 33 (85%) were livestreamed. There were five meetings not livestreamed between July and September as the facility was not available. Since livestreaming was introduced 97% of meetings were livestreamed.

Regional Development

This activity provides leadership, facilitation, and support across the region for economic development. A significant focus is economic development through Bay of Connections. The activity works with Māori, industry, and local and Central Government to align the region's approach to economic development. Future key projects include a regional Transitions Plan that sets out a path for the region to move towards a low carbon economy and funding for third party infrastructure projects.

What we said we will achieve

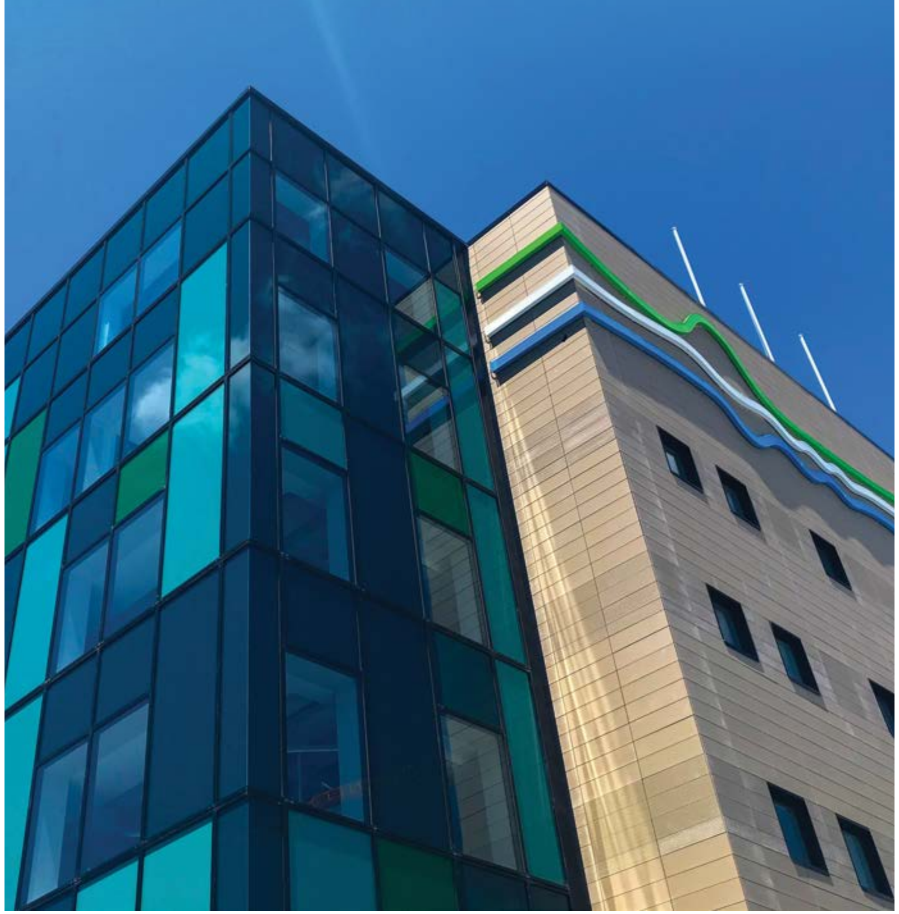
LEVEL OF SERVICE STATEMENT:
Facilitate regional economic development

Number of new jobs created through the support of Bay of Connections and/or Bay of Plenty Regional Council			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
New measure	Increase on prior year	73	● (green)

Commentary: The target for 2021/22 was achieved. This is a new measure to created to monitor the desired level of service. In the 2021/22 year Ōpōtiki was supported with an infrastructure funding grant which created 73 new jobs. These jobs are in relation to the Ōpōtiki Harbour Development Project which will enable the growth of a large scale aquaculture industry in the Eastern Bay of Plenty. This will be the base line for monitoring achievement for the 2022/23 year, and whether there was an increase from the previous year.

All Community Outcomes

- *A healthy environment*
- *Freshwater for life*
- *Safe and resilient communities*
- *A vibrant region*



Performance measure

Corporate Support

The Corporate Support Activity provides support services to enable delivery of all Regional Council activities, thereby contributing indirectly to all community outcomes. The activity includes services such as Communications, Information Technology, People and Leadership and Corporate Property. Corporate Support also includes the primary point of contact with the community through the Customer Contact Service Centre.

What we said we will achieve

LEVEL OF SERVICE STATEMENT:
Facilitate regional economic development

Change in total council emissions compared to prior year			
Previous year result	**Goal 21/22**	**Result 21/22**	**Result**
New measure	5% reduction from prior year	10.5% increase	●

Commentary: The Toitu carbon emission audit was completed in October 2022. This audit identified the total council emissions for the year had increased by 10.5% from the previous year. This is primarily due to the increased operation of flood pumps as a result of a wet winter.

Overall there is an 8.3% reduction in emissions from the 2018/19 baseline.

Ngā rōpū mahinga
Groups of activities

The following show you all of our performance goals by our groups of activities and their impact on our community wellbeing

Catchment Management

Activity	Measure
Catchment Management GOA	The percentage of monitored river and stream sites that meet the swimmability requirements under the NPSFM
Catchment Management GOA	The percentage of all identified Priority Biodiversity Sites that are actively managed
Regional Parks	The number of visitors to Regional Parks
Regional Parks	Visitor satisfaction for visitors to Regional Parks
Rotorua Lakes	Number of Rotorua Lakes that have reached their Trophic Level Index (TLI) based on the three-year rolling TLI
Biosecurity	Proportion of wallaby satellite populations (outside the progressive containment area) where wallabies are no longer detected*
Biosecurity	Reduction in wallaby progressive containment area
Biosecurity	The percentage of RPMP programmes that are on-track

Impact on wellbeing

We facilitate environmental wellbeing to the community through the work we do to improve water quality in Focus Catchments. This includes the swimmability of our rivers, and the ecological health of our waterbodies. We also work to protect and manage a range of the region's biodiversity and carry out significant environmental enhancement projects such as wetland creation and re-connecting waterbodies. Our regional parks activity protects areas of significant environmental value and helps to attract people and activities to the region

Pest control work ensures animals do not cause harm or nuisance to residents or visitors. This work also helps to protect ecosystem services (e.g. pollination, soil quality, clean water) which support our environment interests across the region.

Social and Cultural wellbeing is supported through this activity by helping local communities understand the environmental issues in their catchments and engaging them in the process of improving them. In particular Hapū, iwi and landowners are supported in their kaitiakitanga efforts where these align with Council's Community Outcomes.

Environmental Economic Cultural Social

Flood Protection and Control

Activity	Measure
Rivers and Drainage Schemes	Percentage of maintenance and repairs completed in accordance with the Rivers and Drainage Asset Management Plan
Rivers and Drainage Schemes	Percentage of renewals completed in accordance with the Rivers and Drainage Asset Management Plan
Regional Flood Risk Coordination	Percentage of flood warnings at pre-determined levels given in accordance with the flood warning manual

Impact on wellbeing

We contribute to both social and environmental wellbeing for the community by working towards keeping people safe from the impacts of flooding. This also includes the provision and maintenance of drainage networks for some of the region's most productive land. As well as maintaining and improving flood protection and drainage assets, we manage flood risk by our flood forecasting, floodplain monitoring, flood response operations (during heavy rain events), and river and engineering survey activities. We also work on the development of floodplain management strategies to ensure we are responding to our ever-changing climate.

Environmental Economic Cultural Social

Resource Regulation and Monitoring

Activity	Measure
Resource Consents	The percentage of non-notified consents issued within statutory timeframe
Resource Consents	The percentage of customers who are satisfied overall with the service provided during the consent process
Resource Consents	The number of consent decisions overturned at appeal or judicial review where the proposal has not significantly changed between Council and Court decisions
Regulatory Compliance	The percentage of scheduled compliance monitoring assessments conducted as per Regional Council's annual compliance monitoring programme
Regulatory Compliance	The percentage of urgent complaints made to the pollution hotline that are responded to within twelve hours
Regulatory Compliance	The percentage of non-urgent complaints made to the pollution hotline that were responded to within three working days
Air Quality	The percentage of recorded exceedances of NESAQ standards in the Mount Maunganui airshed where investigation has started within 10 working days
Air Quality	The number of exceedances of air quality limits in priority airsheds
Maritime Operations	Percentage of oil spills in Tauranga responded to within 30 minutes
Maritime Operations	Percentage of oil spills outside Tauranga responded to within two hours
Maritime Operations	The percentage of time that at least one vessel is available in each of the Tauranga, Rotorua Lakes and Whakatāne areas to respond to maritime emergencies
Maritime Operations	The percentage of navigation aids of "good" quality or higher

Impact on wellbeing

Environmental Wellbeing is supported through our resource consents activity which ensures that consideration is given to environmental issues when sustainable resource management decisions are made. It also ensures that the rules are applied appropriately to optimise long term productivity of land, as does our regulatory compliance team by the monitoring of resource consents and responding to complaints on our pollution hotline. Our Air Quality activity contributes to environmental wellbeing by running programmes to improve the region's air quality

Our Maritime team helps with social wellbeing by keeping people safe on the water by providing a 24/7 navigation safety and oil spill response across the region.

Environmental Economic Cultural Social

Transportation and Urban Planning

Activity	Measure
Transportation and Urban Planning GOA±	The number of public transport trips taken in the region
Public Transport	Customer satisfaction of bus users
Transport and Urban Planning	Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment process

Impact on wellbeing

Our public transport and transport planning services offer social, environmental and economic wellbeing by improving accessibility to employment, education and essential services for the community and helping reduce road congestion and emissions. This activity also ensures community transport aspirations are incorporated into planning for efficient transport networks and the shift to active/shared modes to help to decrease carbon emissions.

Environmental Economic Cultural Social

Democracy, Engagement and Planning

Activity	Measure
Community Engagement	Percentage of completed EEF projects that have achieved their measured goals
Community Engagement	Return on investment ($ Council funds committed: $ of volunteer labour) on EEF projects based on volunteer labour
Community Engagement	The degree to which the demographics of the people that take part in formal engagement with Council is representative of the broader community affected by the issue
Māori Policy	The number of shared decision making arrangements operationalised and supported by Council
Policy and Planning	Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment process
Policy and Planning	Percentage of proposed Plan Changes and other Policy Statements agreed through the Council approved policy work programme that are approved for notification by Council without substantive changes and within agreed timeframes (noting the work programme incorporates community engagement and input)
Regional Development	Number of new jobs created through the support of Bay of Connections and/or Bay of Plenty Regional Council
Governance Services	Percentage of Council and Committee meeting agendas for all scheduled meetings that are available at least two working days before meetings
Governance Services	Percentage of draft Council and Committee meeting minutes that are published on the Council website within 10 working days after the meeting
Governance Services	Percentage/Number of Council reports on Council agendas that are publicly excluded*
Governance Services	Percentage of Council and Committee meetings live streamed to members of the public via a public website
Environmental Strategy	Percentage of planning and policy reports that are rated satisfactory or higher via an independent assessment process

Impact on wellbeing

Environmental, Social, and Cultural wellbeing are supported by providing policy analysis and developing plans focusing on climate change, sustainable use of resources including fresh water, air quality, and coastal management through the Environmental Strategy and Policy and Planning Activity.

The Regional Development activity works to help stimulate the region's economic growth.

Our Māori policy activity supports economic and cultural wellbeing by providing strategic advice, support and leadership on Māori relationship management, engagement and policy. This ensures we meet our statutory responsibilities to Māori in the region.

The work we do engaging with the community supports their environmental and social wellbeing by building awareness, involvement, education and accountability.

Our governance activity contributes to social wellbeing through supporting open and transparent governance, which enables the community to better understand and participate in Council processes and help deliver outcomes that support the region.

Environmental Economic Cultural Social

Emergency Management

Activity	Measure
Emergency Management	The level to which the region is prepared for and can effectively respond to an emergency
Emergency Management	The percentage of residents that have a good understanding of what the effects would be if a disaster struck their area
Emergency Management	The percentage of residents that have taken any action to prepare for an emergency

Impact on wellbeing

This group of activities indirectly supports all four aspects of community wellbeing by building resilience in the community and ensuring Council is prepared in an emergency through establishing systems and plans and providing training and information. This preparation helps the community remain safe during these times.

Environmental Economic Cultural Social

Support Services

Activity	Measure
Technical Support	The percentage of State of the Environment reports published
Technical Support	The percentage of available online real-time deliverable environmental data
Technical Support	The percentage of designated swimming sites monitored for recreational water quality
Corporate Support	Change in total council emissions compared to prior year

Impact on wellbeing

This group of activities contributes to environmental wellbeing by performing monitoring, reporting on flood and drought levels, and providing accessible, relevant and trusted science that empowers others to make informed decisions on water, air and land use.

Economic wellbeing is supported by correctly identifying and modelling various environmental factors, which leads to businesses being able to plan for long-term trends/changes and develop a sustainable future.

Environmental Economic Cultural Social

Ngā whakatutukitanga ahumoni Financial Performance

For the year ended 30 June 2022, Bay of Plenty Regional Council has generated an operating deficit of $10.0 million which was above our planned operating deficit of $6.1 million (2021: $6.3 million surplus restated).

The Bay of Plenty Regional Council Group, which includes our 100% shareholding in Quayside Holdings Limited, has achieved net profit after tax attributed to Council of $76.0 million (2021: $128.7 million surplus restated). We are pleased to report Quayside has paid $40 million in dividends to Council reducing general rates in the Bay of Plenty by an average of $348 (including GST) per property.

In June 2021 Bay of Plenty Regional Council adopted its Long Term Plan 2021-2031 in an environment attempting to recover from the impact of the COVID-19 pandemic. Compared to the prior year Council projected an increase in operating expenditure of $21.0 million and an increase in operating revenue of $8.6 million resulting in a planned operating deficit of $6.1 million.

Our 2021/22 budget included a number of measures to enable relatively high levels of operating investment in the region to continue while maintaining our strong commitment to long-term financial prudence, sustainability and regional affordability. These measures included:

- using our financial reserves to lessen the impact on ratepayers, this included a 5.8% per cent average general rates increase after growth and inflation
- contributing to third party infrastructure projects using reserves and
- requesting additional funding support from central government.

For the year ended 30 June 2022 Council has delivered a robust result with an increase in operating revenue and operating expenditure compared to last year. We have delivered our work programme through operating expenditure of $158.4 million, compared to a budget of $163.7 million. Revenue during the year was $148.4 million compared to budget of $157.7 million. The deficit for the year was $10.0 million, compared to a budget deficit of $6.1 million.

We also delivered a capital works programme with capital expenditure of $18.5 million, compared to a budget of $35.4 million.

These amounts were supported by significant movements in capital revenue due to funding support from central government for our 'shovel ready' and 'climate resilience' projects, many of which have been deferred to later years due in part to material shortages and continued national lockdowns. We've also increased our investment to improve biosecurity and freshwater through the Jobs for Nature programme. Our commitment to our region's COVID-19 recovery meant there was also a strong focus on organisational agility and efficiency.

Details of changes in revenue and expenses compared to Long Term Plan 2021-2031, Year 1 and the prior year are summarised in the following sections of our annual report.

Operating expenditure

Total operating expenditure for the year ended 30 June 2022 was $158.4 million, this is 3% and $5.3 million lower than budget and 11%, $15.7 million higher than last year.

Our operating expenditure is what we spend on the many activities we provide to our community – for example providing public transport, consent processing, supporting local democracy, maintaining infrastructure assets and providing community grants. It also includes all the support services such as finance, communications and technology. Like other regional councils, operational spending makes up the majority of our expenditure.

Our commitment to the region's economic recovery from the impacts of the COVID-19 pandemic has shaped our increased investment in the key areas which enhance our four community outcomes and promote community wellbeing.

Our previously successful funding bids for central government's Jobs for Nature programme continued to improve biosecurity, freshwater, and biodiversity in the region. We also experienced higher than planned levels of engagement from landowners to access our Environmental Programmes which provide grants and subsidies for biodiversity and sustainable land management activities.

We have grown our capacity and capability to implement central government direction on freshwater, and to build thriving partnerships with tangata whenua. Regional planning, community engagement and Māori policy costs combined were around $2.5 million lower than planned. There were significantly limited opportunities during the traffic light COVID-19 system to meet with, and organise events with community groups. Consenting and environmental enforcement has contributed to increased costs of $0.7 million and higher recoveries. We will continue to update our work programme through the next Long Term Plan as we translate policy and strategy into action on the ground.

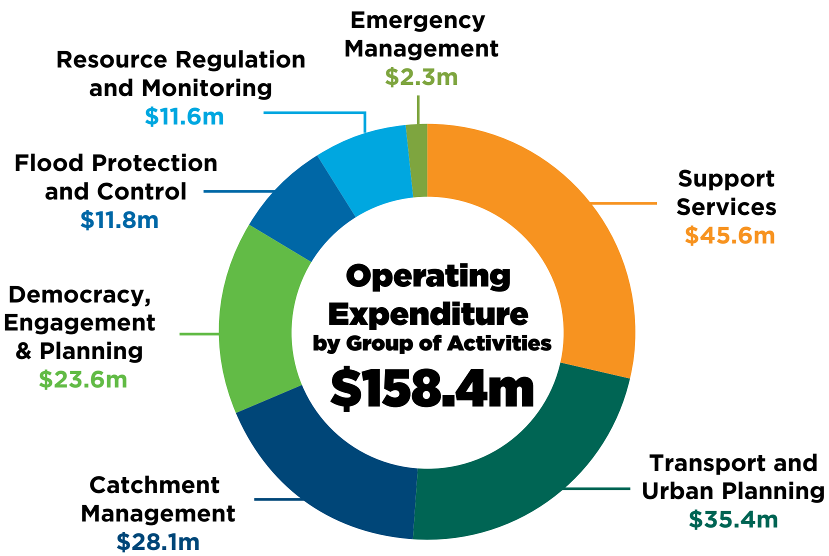
With the declaration of a climate emergency and increased emphasis on carbon emission reduction, we have attempted to increase our bus patronage back to pre-COVID-19 levels with a network refresh in Tauranga, and with central government's 50% fare reduction initiative. Public Transport achieved savings through the refresh of Tauranga's bus services, and lower costs due to the Transport System Planning project being re-phased to be delivered over two years and Rotorua's A Balanced Approach project not proceeding. Offsetting the savings were increased costs for improved bus security and bus drivers receiving the living wage. Public transport costs are subsidised by Waka Kotahi.

Our incentives scheme which aims to improve the health of the Rotorua Te Arawa Lakes continues to make progress although we will carry forward $2.4 million of unspent budget to future years. The Rotorua Lakes incentives scheme is funded 50% from the Ministry for the Environment and 50% from financial reserves.

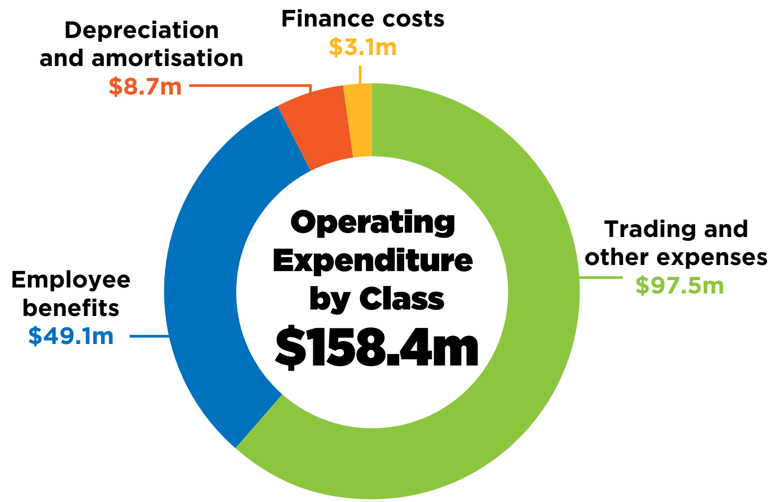
Third party infrastructure grants are $2 million higher than budget in relation to the Rotomā/Rotoiti Sewerage Scheme. After critical engagement with MfE, Rotorua Lakes Council and Te Arawa Lakes Trust this year, we anticipate that this grant will be paid to Rotorua Lakes Council in the next financial year. We have funded these third-party infrastructure grants from our financial reserves. The $0.7 million Regional Development grant for the Lake Tarawera Sewerage project is now anticipated to be paid to Rotorua Lakes Council in the 2023/24 fiscal year.

During the year we adjusted depreciation for the Kopeopeo Canal remediation in line with expert valuer advice. This adjustment has caused $1 million higher than planned depreciation and amortisation costs of $7.7 million.

Operating Expenditure by Group of Activities



Operating Expenditure by Class



Revenue

We fund our services and operations through a mix of rates and non-rates sources.

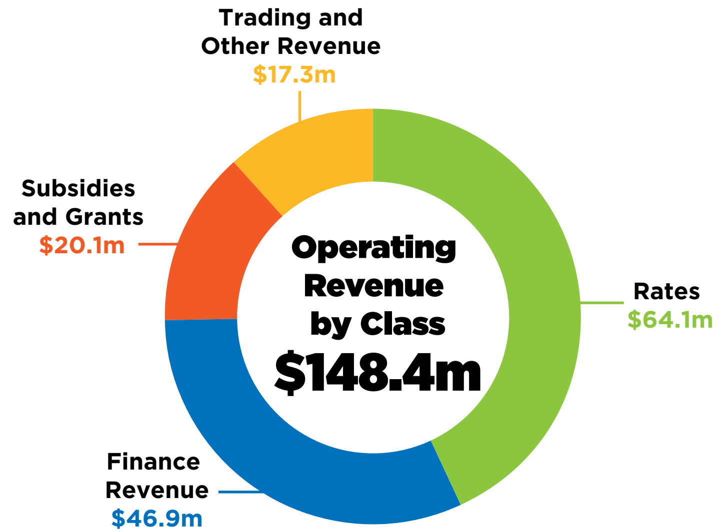
We fund around 60% of our services from non-rates revenue and unlike other councils, we have a higher reliance on investment income to fund operating expenditure. This diversified approach to funding has helped us to achieve operating revenue of $148.4 million for the 30 June 2022 year which is $9.3 million lower than budget of $157.7 million and $2.1 million lower than last year.

The most notable decreases in operating revenue came from grants and subsidies of $20.1 million, this result is $9.0 million lower than budget and a 40% decrease on last year. Highlights include:

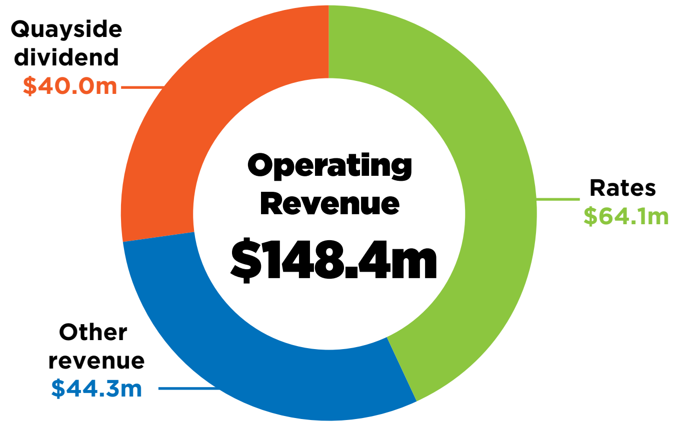
- funding from Crown Infrastructure Partners for 'shovel ready' and climate resilience projects in the area of flood protection and control was $2.7 million lower than planned. Of the $23 million awarded across six capital projects across the four years from 2021, $15 million is now planned for completion in future years.
- funding from the Jobs for Nature programme to improve biosecurity was $3.2 million less than planned due to this work being deferred to future years, this is offset by an increase in MPI funding for support for the National Conifer programme to include Rangitāiki, Kaharoa, and Mt Tarawera.
- funding for Rotorua's planned 'A Balanced Approach' network refresh and upgrade was not approved by Waka Kotahi, and remains a future opportunity.
- lower than planned grants of $1.9 million from the Ministry for the Environment for the Rotorua Te Arawa Lakes enhancement programme due to timing. We are pleased with the interest and uptake from landowners for this scheme.

Finance revenue of $46.9 million is on budget, this incorporates a dividend from Quayside of $40 million and $4.5 million from Toi Moana Trust. Quayside dividends are used for purposes that provide benefits across the region enabling all ratepayers to benefit from our investment portfolio through lower general rates.

Operating Revenue by Class



Operating Revenue



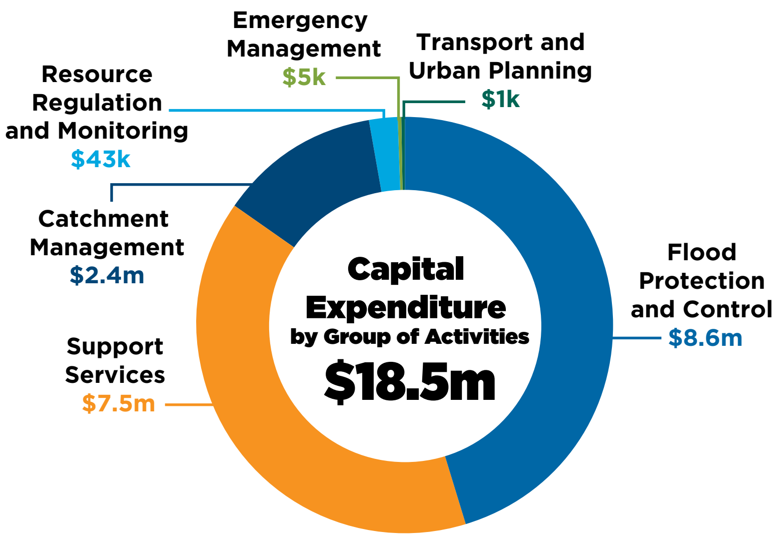
Capital Expenditure

Total capital expenditure for the year ended 30 June 2022 was $18.5 million, this is $16.1 million lower than budget and $9.1 million lower than last year.

Capital expenditure is what we spend on upgrading, renewing or building new assets. We invested $8.6 million in flood protection to help keep people and properties safe. This includes $4.9 million for the Rangitāiki Floodway Project which was on budget. The Kaituna Mole project has been a success in the community and was completed for $1.6 million this year, an underspend of $0.4 million.

We invested a further $1 million on science monitoring equipment which was on budget, and work on the Group Emergency Coordination Centre within our Tauranga offices was completed for $2.3 million and on schedule in 2022. Plant and Vehicle replacement totaled $1.7 million, $0.7 million under budget. Due to delays in supply, IT equipment investment of $2 million has been pushed into future years. Also pushed into future years is the Te Puke Stormwater project.

Public Transport's Management Solution $0.45 million has been moved to 2022/23. Rotorua's A Balanced Approach network initiative was not approved by Waka Kotahi within the 2021/22 year. We also invested $1.4 million on our Regional Parks, with earthmoving work starting on the Pāpāmoa Regional Park.



Prudent debt management

We use debt to fund capital investment so that we spread the cost of those assets across the generations who will benefit from them.

During 2021/22 we increased our total borrowings by $11.6 million to $192.5 million as at 30 June 2022. The facilities are provided by the Local Government Funding Agency for specific purposes including $137.9 million for capital investment, and $54.6 million for on-lending to our CCO Quayside Holdings Limited which delivers benefits of lower borrowing costs to the Council Group.

Our net debt is ($5.2) million which means we have high levels of liquid assets relative to our debt levels. Consequently our net debt to revenue ratio is (4%). We take a prudent approach to managing our debt by keeping our net debt to revenue ratio significantly within our prudential limit of 300 per cent. We have maintained exceptional liquid cover and significant borrowing capacity to support our capital investment and liquidity needs. This approach also offsets risks associated with our high debt levels, including our exposure to Quayside's perpetual preference shares and expansion plans. This is reflected in our AA credit rating which is one of the highest of Councils in New Zealand.

Credit rating

Maintaining Council's AA credit rating allows us to keep interest costs on borrowings as low as possible – our average borrowing rate is 2.25% for 2021/22 (1.36% 2020/21).

Our prudent financial management is recognised by the credit rating agency S&P Global Ratings and our credit rating remains AA, with a 'stable' outlook.

AA
CREDIT RATING
S&P Global Ratings

Bay of Plenty Regional Council Group Financial Performance

$76.0 million Council Group Net Surplus After Tax, $25.7 million attributed to equity holders of Council.

We hold a 100 percent shareholding in Quayside Holdings Limited. Quayside holds and manages a majority shareholding in the Port of Tauranga Limited which is valued at $2.3 billion. Quayside acts as the investment arm for the Council to build prosperity for the region with an intergenerational approach.

COVID-19 has had, and continues to have, a significant impact on the New Zealand and global economy. Despite this backdrop, 2021/22 has been a moderate financial year for the Quayside Group achieving a net profit after tax of $125.9 million which is consolidated into the Council Group result of $76.0 million, of which $25.7 million is attributed to Council.

Providing strong income to the council, Quayside is focused on diversified commercial return for the good of the region, along with wider benefits such as environmental and cultural considerations and positive social outcomes. This drives intergenerational returns, reduces councils' reliance on rates and benefits the wider community by keeping rates low.

This year's dividend payout to Bay of Plenty Regional Council of $40 million is the largest to date, reducing general rates by an average of $348 (including GST) per property in the region.

The Port of Tauranga had another successful year with an increase in revenue reflecting the strong diversity of cargoes, resilient operations and ongoing storage revenues due to continued vessel schedule disruption. The Port has had an increase in net profit after tax to $111.3 million up from $102.4 million the previous year.

Quayside asset portfolio grew to $479.2 million from $443.7 million in 2021, reflecting both new investment and a significant revaluation in the Rangiuru Business Park. The overall Quayside group profit after tax of $125.9m is a 18% decline on the record 2021 result.

Ground breaking and excavation are progressing on the industrial Business Park at Rangiuru and Quayside is working closely with iwi and community partners to create a vision that will benefit the entire community for future generations. This 148-hectare block of land near Te Puke is strategically placed within easy reach of the central North Island hubs creating efficient access to international markets through direct road and rail corridors to Port of Tauranga.

Funding impact statements

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Catchment Management

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,536	8,204	8,204
Targeted rates	3,275	3,382	3,382
Subsidies and grants for operating purposes	5,194	7,567	2,391
Fees and charges	30	30	0
Internal charges and overheads recovered	530	0	802
Local authorities fuel tax, fines infringement fees and other receipts	11,553	13,223	15,115
Total operating funding (A)	**28,118**	**32,406**	**29,894**
Applications of operating funding			
Payments to staff and suppliers	25,049	29,358	26,840
Finance costs	1,879	756	686
Internal charges and overheads applied	5,745	4,493	5,632
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**32,673**	**34,606**	**33,158**
Surplus (deficit) of operating funding (A-B)	**(4,555)**	**(2,200)**	**(3,263)**
Sources of capital funding			
Subsidies and grants for capital expenditure	1,400	98	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,046	4,350	2,366
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**5,446**	**4,447**	**2,366**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	5,446	4,089	2,366
- to replace existing assets	0	260	(0)
Increase (decrease) in reserves	(4,555)	(2,102)	(3,263)
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**891**	**2,247**	**(898)**
Surplus (deficit) of capital funding (C-D)	**4,555**	**2,200**	**3,263**
Funding balance (A-B) + (C-D)	**0**	**0**	**0**
Note 1: This financial statement excludes:			
Depreciation and amortisation	1,118	1,273	1,194
Loss on sale of property, plant and equipment	0	0	0
Vested asset revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	1,879	756	686

Catchment Management funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is lower than LTP Year 1. Grants in Biosecurity for the National Wallaby programme has been rescheduled from LTP Year 1 across two years and funded from reserves. Grants from the Ministry for the Environment for the Rotorua Te Arawa Lakes enhancement programme were lower than budgeted.

Applications of operating funding

Applications of operating funding is lower than LTP Year 1. There was lower expenditure for the Biodiversity Wallaby programme and the Rotorua Lakes incentives scheme as projects were deferred to future years.

Sources of capital funding

Sources of capital funding is lower than LTP Year 1. Borrowings required to fund the capital works programme for the Regional Parks was lower due to rescheduling of the work.

Applications of capital funding

Applications of capital funding is lower than LTP Year 1. This is due to rescheduling of the Regional Parks capital works programme for LTP Year 1 across two years.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Flood Protection and Control

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,021	2,988	2,988
Targeted rates	12,434	11,025	10,961
Subsidies and grants for operating purposes	0	0	0
Fees and charges	12	12	(13)
Internal charges and overheads recovered	1,410	1,681	2,770
Local authorities fuel tax, fines infringement fees and other receipts	3,380	5,030	5,725
Total operating funding (A)	**19,257**	**20,737**	**22,431**
Applications of operating funding			
Payments to staff and suppliers	7,876	8,321	9,160
Finance costs	3,567	1,691	1,547
Internal charges and overheads applied	3,499	6,206	7,719
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**14,942**	**16,219**	**18,427**
Surplus (deficit) of operating funding (A-B)	**4,314**	**4,518**	**4,004**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	5,020	2,025
Development and financial contributions	0	0	0
Increase (decrease) in debt	14,284	12,988	8,564
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	5,701	1,848	1,052
Total sources of capital funding (C)	**19,985**	**19,856**	**11,641**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	4,198	0
- to improve levels of service	8,053	5,682	6,472
- to replace existing assets	11,932	3,108	2,092
Increase (decrease) in reserves	4,314	11,386	7,081
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**24,299**	**24,374**	**15,645**
Surplus (deficit) of capital funding (C-D)	**(4,314)**	**(4,518)**	**(4,004)**
Funding balance (A-B) + (C-D)	**0**	**0**	**0**
Note 1: This financial statement excludes:			
Depreciation and amortisation	1,465	1,456	2,388
Asset revenue gain	0	0	(253)
Vested asset revenue	0	0	(8)
Note 2: This financial statement includes:			
Internal interest	3,567	1,691	1,547

Flood Protection & Control funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 1 due to non-scheme job costing recoveries being higher than budgeted as more time was charged to River projects as result of higher-than-normal rainfall which required more time to check and maintain pumps which form part of Council's flood defenses.

Applications of operating funding

Applications of operating funding is higher than LTP Year 1 due to more staff time being allocated to River projects than budgeted due to higher-than-normal rainfall figures which required more time to check and maintain pumps which form part of Council's flood defenses.

Sources of capital funding

Sources of capital funding is lower than LTP Year 1. This is due to lower-than-expected borrowings required to fund capital expenditure and timing of insurance recoveries.

Applications of capital funding

Applications of capital funding is lower than LTP Year 1. This is due to rescheduling of the capital works programme including Rangitāiki Floodway Project and April 2017 Flood Repair Project.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Resource Regulation and Monitoring

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,838	3,673	3,673
Targeted rates	1,327	616	108
Subsidies and grants for operating purposes	60	60	0
Fees and charges	4,894	5,827	5,497
Internal charges and overheads recovered	0	0	116
Local authorities fuel tax, fines infringement fees and other receipts	5,812	5,905	6,018
Total operating funding (A)	**15,931**	**16,080**	**15,410**
Applications of operating funding			
Payments to staff and suppliers	8,906	11,249	11,411
Finance costs	330	49	52
Internal charges and overheads applied	5,444	4,454	4,820
Other operating funding applications	175	0	36
Total applications of operating funding (B)	**14,855**	**15,752**	**16,320**
Surplus (deficit) of operating funding (A-B)	**1,076**	**329**	**(909)**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	111	113	43
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**111**	**113**	**43**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	0	0	0
- to replace existing assets	111	113	43
Increase (decrease) in reserves	120	(234)	(909)
Other operating funding applications	0	0	0
Increase (decrease) of investments	956	563	0
Total applications of capital funding (D)	**1,187**	**442**	**(866)**
Surplus (deficit) of capital funding (C-D)	**(1,076)**	**(329)**	**900**
Funding balance (A-B) + (C-D)	**0**	**(0)**	**(0)**
Note 1: This financial statement excludes:			
Depreciation and amortisation	99	67	151
Loss on Sale of fixed assets	0	0	2
Vested asset revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	330	49	52

Resource Regulation & Monitoring funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is lower than LTP Year 1 due to Air Quality targeted rates changing accounting treatment during the 2021/22 financial year based on and lower fees and charges collected by Regulatory Compliance.

Applications of operating funding

Applications of operating funding is higher than LTP Year 1 due to additional non-recovery costs associated higher consent processing costs and legal expenses for prosecutions.

Applications of capital funding

Sources of operating funding is lower than LTP Year 1 due to Air Quality changing accounting treatment during the 2021/22 financial year in line with external expert advice.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Transport and Urban Planning

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	755	2,158	2,158
Targeted rates	9,912	14,616	14,616
Subsidies and grants for operating purposes	11,189	15,778	14,853
Fees and charges	5,150	3,957	1,518
Internal charges and overheads recovered	773	322	354
Local authorities fuel tax, fines infringement fees and other receipts	1,869	4,305	4,618
Total operating funding (A)	**29,648**	**41,136**	**38,117**
Applications of operating funding			
Payments to staff and suppliers	29,395	40,242	34,659
Finance costs	25	38	23
Internal charges and overheads applied	2,312	2,176	2,273
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**31,732**	**42,456**	**36,955**
Surplus (deficit) of operating funding (A-B)	**(2,084)**	**(1,320)**	**1,162**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	595	1
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	1,168	1
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**1,763**	**2**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	0	1,168	1
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(2,084)	(725)	1,162
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**(2,084)**	**442**	**1,164**
Surplus (deficit) of capital funding (C-D)	**2,084**	**1,321**	**(1,162)**
Funding balance (A-B) + (C-D)	**0**	**(0)**	**(0)**
Note 1: This financial statement excludes:			
Depreciation and amortisation	354	377	784
Gain on disposal of property, plant and equipment	0	0	0
Vested Asset Revenue	0	0	0
Note 2: This financial statement includes:		0	
Internal interest	25	38	23

Transport and Urban Planning funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is lower than LTP Year 1 due to Waka Kotahi not approving the Rotorua A Balanced Approach initiative, and the on-going COVID-19 restrictions affecting bus patronage and the impacts on fare revenue.

Applications of operating funding

Applications of operating funding is lower than LTP Year 1 due to Waka Kotahi not approving the Rotorua A Balanced Approach initiative, and the TSP project being rephased over two years.

Sources of capital funding

Sources of capital funding is lower than LTP Year 1 due to the Rotorua A Balanced Approach network refresh not being approved by Waka Kotahi.

Applications of capital funding

Applications of capital funding is higher than LTP Year 1 due to lower-than-expected operating funding which has been required to be funded from reserves.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Democracy, Engagement and Planning

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,346	9,511	9,511
Targeted rates	0	400	400
Subsidies and grants for operating purposes	23	0	788
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	12
Local authorities fuel tax, fines infringement fees and other receipts	13,992	14,078	14,241
Total operating funding (A)	**23,361**	**23,990**	**24,953**
Applications of operating funding			
Payments to staff and suppliers	17,417	27,074	23,631
Finance costs	0	0	0
Internal charges and overheads applied	7,338	8,570	8,913
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**24,755**	**35,644**	**32,544**
Surplus (deficit) of operating funding (A-B)	**(1,394)**	**(11,654)**	**(7,592)**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(1,394)	(11,654)	(7,592)
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**(1,394)**	**(11,654)**	**(7,592)**
Surplus (deficit) of capital funding (C-D)	**1,394**	**11,654**	**7,592**
Funding balance (A-B) + (C-D)	**0**	**0**	**0**
Note 1: This financial statement excludes:			
Depreciation and amortisation	0	0	0
Gain on disposal of property, plant and equipment	0	0	0
Vested Asset Revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	0	0	0

Democracy, Engagement and Planning funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 1 due to funding received for a co-governance group which is an initiative to increase capacity and knowledge of the communities we serve.

Applications of operating funding

Applications of operating funding is lower than LTP Year 1 due to consultancy underspends with work being conducted internally, along with facing challenges and delays from ongoing lockdowns with engagement with Māori over Freshwater policy.

Applications of capital funding

Applications of capital funding is lower than LTP Year 1 due to underspends in consultancy services resulting in lower use of reserves.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Emergency Management

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,465	3,384	3,384
Subsidies and grants for operating purposes	1,141	0	23
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	154
Local authorities fuel tax, fines infringement fees and other receipts	43	41	120
Total operating funding (A)	**3,649**	**3,425**	**3,682**
Applications of operating funding			
Payments to staff and suppliers	2,601	2,434	2,344
Finance costs	1	0	0
Internal charges and overheads applied	1,042	984	1,199
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**3,644**	**3,419**	**3,543**
Surplus (deficit) of operating funding (A-B)	**5**	**6**	**138**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	11	22	5
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**11**	**22**	**5**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	11	22	5
- to replace existing assets	0	0	0
Increase (decrease) in reserves	5	6	138
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**16**	**28**	**143**
Surplus (deficit) of capital funding (C-D)	**(5)**	**(6)**	**(138)**
Funding balance (A-B) + (C-D)	**0**	**(0)**	**0**
Note 1: This financial statement excludes:			
Depreciation and amortisation	0	6	0
Gain on disposal of property, plant and equipment	0	0	0
Vested Asset Revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	0	0	0

Emergency Management funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 1 due to recoveries from staff assisting other regions during adverse weather events.

Applications of operating funding

Applications of operating funding is higher than LTP Year 1 due to staff assisting other regions during adverse weather events.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2022 for Support Services

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,439	4,584	5,013
Targeted rates	(211)	(211)	(302)
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,266	2,902	2,355
Internal charges and overheads recovered	33,741	35,162	36,276
Local authorities fuel tax, fines infringement fees and other receipts	13,779	10,647	10,513
Total operating funding (A)	**55,014**	**53,085**	**53,855**
Applications of operating funding			
Payments to staff and suppliers	36,491	33,820	36,455
Finance costs	8,630	4,562	4,004
Internal charges and overheads applied	11,054	10,314	9,927
Other operating funding applications	0	0	0
Total applications of operating funding (B)	**56,175**	**48,695**	**50,386**
Surplus (deficit) of operating funding (A-B)	**(1,161)**	**4,389**	**3,470**
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	59
Development and financial contributions	0	0	0
Increase (decrease) in debt	5,155	15,933	7,518
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**5,155**	**15,933**	**7,577**

	LTP 2020/21 $000	LTP 2021/22 $000	Actual 2021/22 $000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	2,127	11,385	5,037
- to replace existing assets	3,028	4,547	2,482
Increase (decrease) in reserves	(1,161)	4,389	3,527
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	**3,994**	**20,322**	**11,046**
Surplus (deficit) of capital funding (C-D)	**1,161**	**(4,389)**	**(3,470)**
Funding balance (A-B) + (C-D)	**0**	**(0)**	**(0)**
Note 1: This financial statement excludes:			
Depreciation and amortisation	5,762	4,526	4,195
Loss on sale of property, plant and equipment	0	0	46
Impairment of property, plant and equipment	0	0	0
Investment amortisation	0	0	0
Gain on disposal of property, plant and equipment	0	0	(0)
Gain on revaluation of Put Option	0	0	(400)
Fair value and non cash adjustments	0	0	2,040
Vested Asset Revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	(5,804)	(2,535)	(2,309)

Support Services funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 1 due to Whakatāne office space (BOPDHB COVID-19 centre). This is offset against lower-than-expected fees charged by Data Services.

Applications of operating funding

Applications of operating funding is higher than LTP Year 1 due to higher-than-expected license and software costs due to a change in accounting standards for Software-as-a-Service, and costs associated with COVID-19 protection and lockdowns. This is offset against lower-than-expected finance costs due to interest rate movements.

Sources of capital funding

Sources of capital funding is lower than LTP Year 1 due to lower than budgeted capital works undertaken and rescheduling the capital works programme.

Applications of capital funding

Applications of capital funding is lower than LTP Year 1 due to lower than budgeted spend on Plant replacement, Regional Building works, and rescheduling of the capital works programme for various Digital Services capital projects.

Financials

Statement of Involvement in Council Controlled Organisations (CCOs)

The Council has control over the following entities:

- Quayside Holdings Limited and its subsidiaries, Quayside Securities Limited and Quayside Securities Limited as trustee for the Quayside Unit Trust and Quayside Investment Trust, Quayside Properties Limited, Aqua Curo Limited, and Cibus Technologies Limited. Quayside Securities Limited as trustee for the Quayside Unit Trust holds 54.14 percent shareholding in Port of Tauranga
- The Council has a majority unit holding in Toi Moana Trust established on 1 July 2019. Quayside Securities Limited acts as the trustee of the Toi Moana Trust.
- The Council holds a 16.13 percent shareholding in Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd) along with eight other local authorities
- The Council also has a 8.29 percent shareholding in the Local Government Funding Agency (LGFA) along with 29 other councils and Central Government.

The provision of financial assistance by Bay of Plenty Regional Council to Quayside Holdings Ltd, BOPLASS Ltd and LGFA is by share capital.

Quayside Group

Performance Targets and Objectives

The Council's objective in establishing the Quayside Group was to achieve optimal commercial performance from the region's shareholding in Port of Tauranga Limited (the Port) while maximising the return to the ratepayers of the Bay of Plenty region.

Quayside Holdings Limited holds 54.14% of the Port of Tauranga shares on behalf of Council which are valued at $2.3 billion. Quayside also holds other non-port assets valued at $479 million. Returns on these investments are used to pay dividends and to increase the value of investments to provide for inter-generational equity.

The Council's budgeted requirement for dividend income of $40 million (2021: $33.1 million) was met.

The performance of Quayside Holdings Limited in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis
- The robustness and accuracy of the information relied upon in providing advice
- The clarity, timeliness and materiality of advice
- Compliance with the Council's expectation that the Quayside Group maintain a majority holding in the Port of Tauranga Limited
- Compliance with the Council's expectation that there should be "no surprises" arising from management and commercial performance of the assets held by the Quayside Group
- Achievement of cash dividend payments to the Council and Perpetual Preference Share (PPS) holders during the year

Achievements

During the year the Council has been fully informed by Quayside Holdings Limited about the performance of the shareholding in Port of Tauranga Limited and other investments. The performance has met all performance targets as defined in the Quayside Statement of Intent. Specifically, net dividend payments to Council in 2021/22 totaled $40 million, and dividend payments to Perpetual Preference Share members totaled $4.9 million in accordance with the Investment Statement, thereby satisfying the Statement of Intent target for the year.

Quayside Holdings Limited Performance Indicators

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
Maintain a majority holding in the Port of Tauranga Limited.	Holding of greater than 50.1%. Council consultation and endorsement must be sought prior to any change to the current shareholding.	Achieved	Quayside held 54.14% of Port of Tauranga Shares as at 30 June 2022.
Generate commercial returns across the investment portfolio.	Five year rolling gross return of >= 7.0% per annum.	Achieved	Five year rolling gross return of 10.78% for the Quayside consolidated group achieved at 30 June 2022.
Generate long term commercial returns and / or regional benefit through a portfolio of real assets.	Annual board assessment of the benefit of real assets, considering portfolio alignment, long term commercial return and any regional benefit factors.	Achieved	The annual board assessment was completed in June 2022, reaffirming long term objectives.
Generate long term commercial returns and or regional benefit through a portfolio of private equity assets.	Annual board assessment of the benefit of each private equity asset holding, considering portfolio alignment, long term commercial return and any regional benefit factors.	Achieved	The annual board assessment was completed in June 2022, noting short term performance and reaffirming long term objectives.
Develop the business park at Rangiuru to create long term benefit for the Bay of Plenty region.	Quarterly reporting by Quayside to Council on progress and matters related to strategic risk and financial aspects and regional and social benefits of the development.	Achieved	Development of the business park has started with earthworks undertaken in to the 21/22 season.
Continue to hold the land at Tauriko for future strategic benefit and or Council initiatives.	Retain ownership. Divestment must only occur with the agreement of Quayside and Council.	Achieved	Quayside presented quarterly reports to Council regarding the development at Rangiuru in September 2021, December 2021 (workshop), April 2022 and June 2022 (workshop). Quayside continues to hold the land at Tauriko.
Keep Council informed on a no surprises basis, providing quality and timely information. Provide Council with timely advice on financial and commercial decision making as required.	A minimum of four presentations per annum to Council, as shareholders. Quarterly reporting on Group financial position and risk.	Achieved	Quarterly presentations/ workshops with Council in September 2021, December 2021, April 2022 and June 2022 including key financial/risk reporting.
	Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.		Open communication with Council maintained during the year through regular meetings with Quayside CE and Council management.
	Long term forecasting of key financial information and key risks provided to Council annually.		Financial forecasting and risk information provided through- - Quarterly presentations/ workshops to Council - Statement of Intent preparation process - Quayside Distribution and Reserving Policy.
Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	Achieved	The Quayside Group policy framework was given a full review during the year. All Group policies were reviewed by management as part this process and amended/new policies resolved by the Board
Meet shareholder distribution expectations as outlined in Statement of Intent, Distribution Policy or as otherwise agreed.	Distributions paid to forecast values where actual financial performance meets or exceed targets.	Achieved	Cash dividend of $40 m (target $40 m) paid to Council as forecast in the SOI. Gross PPS dividend of $4.9m (target $4.9m) paid to PPS holders
	Policy discussion with Council on the use of any future special dividends received from POTL.		No special divident from POTL in 2022

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
Compliance with NZX listing requirements for PPS holders.	Matters of material impact are disclosed in line with QHL framework for continuous disclosure.	Achieved	Filing of interim and annual financial statements achieved within deadlines.
	Board reporting of PPS compliance and monitoring.		Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements.
Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially.	Achieved	The Group holds written principles for responsible investment. These were last reviewed in June 2022.
	Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund)		A benchmark review of holdings was done as at 30 June 2021 against the New Zealand Super Fund Responsible Investment Exclusion List (February 2021), no breaches were identified.Exchange Traded Funds (ETF's) were reviewed down to a constituent level of 5% against the Exclusion list no breaches were identified.
	Do not invest in companies whose principal business activity is - • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling		No investments were made in excluded categories.
	Carry out an annual audit of all existing investments across all classes (listed assets, private equity, real assets, and regional benefit assets) to – • ensure continued adherence to the Group principles of responsible investment; and • monitor ESG risks and opportunities. For new investments – • screen investments for compliance with the Group principles of responsible investment; • research and analyse ESG factors as part of due diligence; • report on ESG factors (including risks and opportunities) in new investment proposals to the Board; • pursue sustainably themed investments which meet commercial imperatives. Include responsible investment reporting within the Group annual report.		Annual audit of existing investments was presented to the Board in June 2022. New investments are screened against responsible investment principles and ESG analysis is included in investment proposals. The Group annual report contains responsible investment reporting

Aqua Curo Limited Performance Indicators

Aqua Curo Limited (ACL) has established performance measures unique to the Quayside Group. These Performance Objectives as defined by the Statement of Intent are presented below.

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
ACL maintains a strategic direction that is consistent with that of its immediate shareholder.	Submit a draft SOI for approval to QHL and Council by 1 March annually	Achieved	The draft Statement of Intent was submitted to Bay of Plenty Regional Council and Quayside Holdings Limited on 28 February 2022. *(2021: draft Statement of Intent delivered to BOPRC and QHL 26 February 2021 for consideration)*
ACL keeps shareholders informed of all significant matters relating to it.	ACL will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes. ACL will advise any major matters of urgency to its shareholders at the earliest opportunity.	Achieved	The Aqua Curo Limited board met on a quarterly basis. Reporting was provided to the Quayside board of directors as part of the investment portfolio and performance updates. A detailed update paper was provided to the Quayside board in February 2022. *(2021: reporting provided to QHL through board papers and investment updates)*
Corporate governance procedures are appropriate, documented and reflect best practice.	The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years.	Achieved	The policies are reviewed on a biennial basis with the last reviews conducted November 2020. Policies are due for review in November 2022. *(2021: policies reviewed by the Aqua Curo board November 2020)*
To work with strategic partners to progress bioremediation research project.	Work with partners to operate the large-scale pilot plant at the Te Puke site.	Achieved	The pilot plant has been commissioned. Trials and data collection have commenced. *(2021: Large scale pilot-plant at Te Puke was largely constructed by year end with the opening scheduled for August 2021. The official opening has since been delayed due to COVID-19).*
	Carry out trials on the performance of key technology.	Achieved	Key technology is the effective functioning of the ponds and the associated engineering. Successful collection of data over past 12 months including UoW trial. *(2021: Trials have not yet started, but will begin in August 2021. The facility is now growing Oedegonium on site)*
	Explore external funding opportunities to assist in funding the research project.	Achieved	An earlier application to Sustainable Food and Fibre Futures (SFFF) for funding was unsuccessful. The board continue to explore alternative funding options. *(2021: Funding application to Sustainable Food and Fiber Futures unsuccessful). Conversations continue with SFFF for funding and management remain confident of success)*
Commercialise research and opportunities to provide financial return.	Develop a pipeline of commercial opportunities for ACL to pursue	Achieved	A pipeline of opportunities exists and reviewed regularly with the Board. *(2021: ACL has developed and maintained a pipeline of potential projects to pursue and has commenced discussions with potential industry partners around the use of ACL services for bioremediation, and the use of ACL biomass for difference product applications).*
	Ensure appropriate resources are in place to pursue and develop commercial opportunities and pipeline.	Achieved	A business plan is to be presented to the shareholder in FY 2023 which will outline resourcing required to take forward the commercialization. *(2021: An experienced contractor is engaged to manage the pilot plant and the overall business operations.)*
	Initiate key discussions on the development of a commercial scale facility WBOPDC.	Achieved	Discussions with WBOPDC on a commercial scale project is on hold. *(2021: Discussions are in early stages with Western Bay of Plenty District Council due to the timing of the trials.)*
Work within an annual budget to deliver on the broad corporate objectives of this SOI	Budgeted key performance indicators are met or exceeded.	Not achieved	Income is below forecast due to funding application being unsuccessful, other variances in expenditure. *(2021: net assets of $780,000, minor variance of 2%)*

Tauranga Commercial Developments Limited

Tauranga Commercial Developments Limited (TCD) has established performance measures unique to the Quayside Group. These performance objectives as defined by the Statement of Intent are presented below:

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
TCD maintains a strategic direction that is consistent with that of its immediate shareholder	TCD will submit a draft SOI for comment to QPL and Council by 1 March annually.	Achieved	The draft Statement of Intent was submitted to Bay of Plenty Regional Council and Quayside on 28 February 2022.
TCD keeps shareholders informed of all significant matters relating to it.	TCD will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes. TCD will advise any major matters of urgency (including any departures from budget or health and safety issues) to its shareholders at the earliest opportunity.	Achieved	The board met on a quarterly basis. Reporting was provided up to the Quayside board of directors as part of the investment portfolio and performance updates.
Corporate governance procedures are appropriate, documented and reflect best practice	The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years	Achieved	The policies are reviewed on a biennial basis with the last reviews conducted November 2020. Next review before November 2022.
	The Board will retain a complete and up to date set of minutes and company records		
To provide investment into the Tauranga region through the identification of development projects that provide commercial returns to its shareholders	Achieve a commercial return on the site at 63- 69 Spring St	Achieved	63-69 Spring Street had a gain on revaluation of $1,350,000 (2021: $578,000).
	Continue planning & project feasibility for a new office development 63-69 Spring St, including but not limited to project feasibility, concept design, early contractor engagement		The site at 63-69 Spring Street is generating a rental income through a lease agreement with Wilson carparking
	Continue to seek out an anchor tenant/ tenants for the new development		The Board continued its ongoing engagement with external parties including potential tenants.
	Continue to seek out and actively review other commercial opportunities for the site to manage costs.		A feasibility study for potential development of the site is underway.
To develop and maintain a portfolio of quality commercial/industrial buildings in the Tauranga region	Retain the currently held asset at Spring St, so long as this remains the best commercial option.	Achieved	The asset at 63-69 Spring Street continues to be held as the best commerical option.
	Identify a list of known potential opportunities to be pursued over the coming 12 months and provide updates on the progress at each directors meeting.		There are ongoing conversations with a a potential tenant and the feasilibilty study will provide further clarity on the best options to pursue.
Work within an annual budget to deliver on the broad corporate objectives of this SOI.	Budgeted key performance indicators are met or exceeded	Achieved	Due to the site being leased for car parking performance was above budget. The investment property value also increased above expectations.

Lakes Commercial Developments Limited

Lakes Commercial Developments Limited (LCD) has established performance measures unique to the Quayside group. These performance objectives as defined by the Statement of Intent are presented below:

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
LCD maintains a strategic direction that is consistent with that of its immediate shareholder.	LCD will submit a draft SOI for comment to QPL and Council by 1 March annually.	Achieved	The draft Statement of Intent was submitted to Bay of Plenty Regional Council and Quayside on 28 February 2022.
LCD keeps shareholders informed of all significant matters relating to it.	LCD will meet and provide updates to its shareholders quarterly on new opportunities and key works programmes.	Achieved	The Lakes Commercial Developments Limited board met on a quarterly basis. Reporting was provided to the Quayside board of directors as part of the investment portfolio and performance updates.
	LCD will advise any significant matters to its shareholders at the earliest opportunity.	Achieved	There were additional papers put forward to the Quayside board throughout the year.
Corporate governance procedures are appropriate, documented and reflect best practice.	The Board will maintain an appropriate and thorough set of corporate governance policies and procedures which will be reviewed at least every two years.	Achieved	The policies are reviewed on a biennial basis with the last reviews conducted November 2020. Policies are next due for review by November 2022
To provide investment into the Rotorua, Whakatane, and Taupo regions through the identification of development projects that provide commercial returns to shareholders.	Advancement of the development at Old Taupo Road with a target completion in the 2022 financial year.	Achieved	The Old Taupo Road development was completed to a quality standard and the site officially opened to the public on 15 Jul 2022.
To maintain a portfolio of quality commercial/industrial buildings in the Rotorua, Whakatane and Taupo regions.	Identify a list of known development opportunities in the region to be pursued over the coming 12 months and provide updates on the progress at each directors meeting	Achieved	The Board regularly discuss potential opportunities. A schedule of opportunities is kept on file.
	Retain the currently held assets in Rotorua (Fenton St and Old Taupo Rd), so long as this remains the best commercial option.	Achieved	The Fenton Street building and Old Taupo Road development are retained.
Work within an annual budget to deliver on the broad corporate objectives of this SOI.	Budgeted key performance indicators as approved by the Board are met or exceeded.	Achieved	Due to the increase in building values asset values exceeded expectations - $13.20 million.

Toi Moana Trust

The Trust was established with the primary objective of providing optimised long-term investment returns without the restraint of liquidity requirements to Council. Its secondary objective is to protect the capital value of its investment over the longer term.

Performance targets and objectives

The objectives of this fund are capital protection of the initial investment and a targeted cash yield is 5.0% per annum. The investment guidelines are based on an investment time frame of five years. Interim fluctuations should be viewed with appropriate perspective.

The risk management parameters are specified in Councils' Treasury Policy and the Toi Moana Trust Statement of Investment and Performance Objectives.

Achievements

During the year, the Toi Moana Trust paid a 5% distribution (2021: 5%). Because the fund did not distribute in 2020, an additional special distribution was paid in the year ended 30 June 2020. The Council has been fully informed by the directors of the Trust through quarterly reporting.

Toi Moana Trust Performance Indicators

The Toi Moana Trust has objectives defined in its Statement of Intent as shown below.

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
Generate commercial returns across the investment portfolio.	Annual net cash flow return of 5% Special distribution of any return achieved but not paid in previous years.	Achieved	A distribution of 5% was paid for the year ending 30 June 2022. Because the fund did not distribute in 2020, an additional 5% special distribution was paid in the year end 30 June 2022. *(2021: N/A, different target regarding net cash flow, not distributions).*
Capital preservation	Long term capital preservation over an initial period of seven years.	Not Achieved	The net asset value of the fund has decreased from $47m as at 30 June 2021 to $43m as at 30 June 2022, reflecting the fluctuating markets and distributions paid out. The investment period of seven years runs to 2028. *(2021: Target met - $47m)*
Promote and support approaches to responsible investment that align capital with achieving a healthy, sustainable society, environment, and economy.	Maintain a written set of principles for responsible investment which is reviewed no less than biennially.	Achieved	The Trust maintains a Statement of Investment Policy and Objectives (SIPO) which outlines the responsible investment and ESG principles of the fund. All investments of the fund adhere to this standard.
	Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example NZ Super Fund).		The last benchmark biennial review was completed in 2021.
	Do not invest in companies whose principal business activity is - • The manufacture and sale of armaments • The manufacture and sale of tobacco • The promotion of gambling		There are no investments in prohibited categories.
	Carry out an annual audit of all existing investments to – • ensure continued adherence to the Group principles of responsible investment; and • monitor ESG risks and opportunities		The fourth quarter report will include the results of the review of compliance with responsible investment principles.
	Screen new investments for compliance with the Group principles of responsible investment		In making new investments, the Trust and its external advisors consider the principles set out in the SIPO.
Keep Council informed on a no surprises basis, providing quality and timely information	Quarterly reporting on investment fund performance. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Achieved	Quarterly reports provided to Council as agreed following September, December, March, June. Toi Moana performance included as part of Treasury meetings held with Council staff.
Meet Shareholders distribution expectations as outlined in SOI or as otherwise agreed.	Distributions paid to forecast values where actual financial performance meets/exceeds distribution forecast targets.	Achieved	Distributions paid to forecast values, including special distribution.

BOPLASS

The Council's objective in cooperatively establishing BOPLASS Ltd was to foster collaboration in delivery of services, particularly back office or support services, between the nine local authorities in the Bay of Plenty/Gisborne areas. It is a separate legal entity from the Council and is responsible for delivery in accordance with an agreed Statement of Intent. BOPLASS information for 2021/22 has been based on the unaudited draft Annual Report 2021/22.

Achievements

During the year the Council has been fully informed by BOPLASS on its performance. Of the targets set in the 2022/25 Statement of Intent, five targets related to 2021/22 were achieved, and one target was not achieved.

BOPLASS Performance Indicators

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
Ensure supplier agreements are proactively managed to maximise benefits for BOPRLASS councils.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through positive procurement process involving two or more vendors where applicable.	Achieved	Contracts negotiated and/or renewed for: **Zoom Video Conferencing Services** – Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure. *Enterprise contract renegotiated and renewed. No alternative providers.* **GIS software and services** – FME,.Geocortex Essentials & Geocortex Analytics, X-Tools, NZ Archaeological Association and RetroLens *Contracts renegotiated and renewed – no alternative suppliers* **Print Media Copyright Agency (PMCA)** – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services. *Sole NZ provider of print and media copyright services* **Health & Safety Management Software** – BOPLASS manages a collective agreement for H&SMS across BOPLASS and Waikato councils. A change of ownership with the incumbent supplier saw a decline in service levels and BOPLASS engaged with the supplier to address the service shortfalls or seek an alternative supplier. Given the number of councils under the collective agreement, improvements were quickly undertaken by the vendor and improved service levels established. *Project still ongoing* **Media Monitoring Services** – BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. *Service to be put to tender in 2022-23* **ESRI Enterprise Licensing Agreement** – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed at no increase in cost to councils. *No alternative provider in NZ* **n3 (previously known as GSB)** – Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. *Sole NZ provider*

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
			Health and Safety Training provider – BOPLASS renewed the collective agreement with Vertical Horizonz for H&S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.) **Standards NZ** – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. *No alternative provider in NZ* **Inter-Council Network (ICN)** – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken to deliver further cost reductions, along with the addition of new links for councils. Kordia were appointed to replace Vocus. The resultant contract will provide an improvement in service levels and financial savings for all participating councils. Migration of services to Kordia has been initiated. **MFDs (Photocopier/printers)** – Due to the variable print volumes through COVID-19 lockdowns and the subsequent high level of working from home, BOPLASS negotiated with our incumbent provider to extend the current agreement for a further 16 months. The Variation Agreement included benefits such as retaining existing equipment, providing flexibility through the pandemic disruption, and further discounts to print rates. A full tender will be undertaken in 2022 when councils should have an improved understanding of volumes and requirements. **IPWEA Membership** - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2021 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements. *No alternative provider in NZ*
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater then 5% and/or improved service levels to the participating councils.	Achieved	The new procurement initiatives which have been investigated during the year are as follows: **Postal Services** – Joint procurement for councils' mail services resulted in DX Mail being appointed as preferred supplier. The BOPLASS-led process covered BOPLASS, Co-Lab, MW LASS and Hawke's Bay councils. Savings for all councils will be substantial, particularly for councils with high volumes of urban mail. The contract also provides sustainability and efficiency benefits for councils. **Courier Services** – In conjunction with the Postal services tender a process was managed to identify opportunities for savings with courier services across the BOPLASS, Co-Lab and MW LASS councils. BOPLASS engaged with DIA and ACC to facilitate access to the ACC syndicated contract for courier services. This provides a substantial saving for all councils over their incumbent providers and the alignment with the mail provider offers efficiencies within council mailrooms. **Infrastructure Insurance** – Given the current restricted capacity in the international insurance markets, councils' insurance is only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2021 through direct engagement with London underwriters and Lloyds syndicates. Very good outcomes were achieved for all councils – both in insurance rates and the cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have confidence in the BOPLASS programme due to the quality of information provided and our historical relationship. **My Everyday Wellbeing** – Staff online wellbeing platform used extensively across local government. Negotiated for BOPLASS councils to be treated as a single entity. Added Co-Lab and MW LASS councils into same enterprise membership. Negotiated 12-month subscription providing savings to the collective group.

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
			Rapid Antigen Tests (RATs) – BOPLASS engaged with other LASS and CCOs to aggregate volumes to leverage improved pricing. Several RATs orders were placed on behalf of BOPLASS, Co-Lab, MW LASS and council CCOs. The volume of the collective order resulted in heavily discounted pricing and priority service. **GIS Training** – BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils, providing substantial savings through the collective training and also helping to bring all councils up to similar skill levels. **High-Volume Print** – The benefits of councils collaborating in high-volume print services are being investigated. Councils currently use a variety of solutions ranging from in-house commercial print equipment/print rooms to outsourced models. *Investigation still under action* **Cyber Insurance** – The renewal of councils' cyber insurance policies was facilitated by BOPLASS through a collective programme. Insurers have become much more selective in their placements and local government are viewed as a high-risk client. BOPLASS were able to bring Berkshire Hathaway Specialty Insurance onto the programme who thoroughly analysed councils' IT systems and security. Despite an initial rejection of cover for some councils, BOPLASS was able to provide further information to the insurers, resulting in the collective approach being reinstated and all councils able to secure cover at a reduced cost. Cyber cover is an annual agreement that requires going to market every year. **Aerial Imagery** – As part of the BOPLASS regional imagery programme, three tenders were run for orthophotography services this year. Separate contracts were awarded to AAM NZ for the eastern BOP region and TCC interim flying programmes. The flying and imagery for TCC included specific requirements for the capture of high growth areas. A separate procurement process was undertaken for Gisborne District Council with the contract awarded to Aerial Surveys.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.	Achieved	BOPLASS has led several interLASS projects this year or worked together with other LASS to develop interregional benefits: - Waste Operator Licencing Data System - Courier Services - Mail Services - H&S Management System - H&S training providers - Occupational Health Services - Rapid Antigen Tests purchasing - Staff Wellbeing Portal - Regional Contractor Database - Risk Management Practices - Collaborative Policy Development - Insurance Renewals Standardisation - Debt Recovery Services BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads aiming to meet on a quarterly basis. Several joint procurement projects have been completed and further opportunities identified. Projects being undertaken by other LASS are offered to BOPLASS councils on a commercial basis.

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
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 the breadth of BOPLASS collaboration.	Number of listed projects to increase by 5% per year. Number of active users to increase by 5% per year.	Achieved	Projects continue to be added to the MahiTahi Collaboration Portal, increasing from 53 to 88 this year. Continued promotion of the MahiTahi Collaboration Portal has seen a 10.5% increase in registered users with numbers increasing from 388 to 429. On-boarding and training material has been helpful in creating a smooth transition for any new members. Working with the DIA, the MahiTahi Collaboration Portal now includes secure areas to support Local Transition Groups working collectively on the Three Waters project. Regional Software Holdings Limited are migrating the regional sector Special Interest Groups to be hosted in a similar collaborative environment as the MahiTahi Collaboration Portal. Technical aspects of the migration are being supported by BOPLASS.
Communicate with each shareholding council at appropriate levels.	At least one meeting per year.	Not achieved	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. Formal meetings with all council executive teams were unable to be completed this year. Staff absences, travel restrictions and increased workloads meant not all councils could be covered.
Ensure current funding model is appropriate.	Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board. Council contributions levied. Contributions received from activities producing savings. Vendor rebates collected. Monthly and quarterly performance reviewed. Financial statements reported and reviewed at Board meetings. Financial position year end 30 June 2022: $6,244 surplus.

Local Government Funding Agency (LGFA)

Council became a partner of the LGFA following a public consultation process in 2011. The nature of LGFA is to provide lower-cost borrowing for New Zealand's local authorities than the local authorities could individually raise through private sector lending institutions.

LGFA was established by the Local Government Borrowing Act 2011. The Council is a shareholder along with 30 other local authorities throughout New Zealand and Central Government.

Performance Targets

The following objectives, policies or performance targets were set for the 2021/22 financial year.

The LGFA operates with the primary objective of optimising debt funding terms and conditions for Participating Borrowers. Among other things this includes:

- Providing interest cost savings relative to alternative sources of financing;
- Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services; and
- Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and
- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

LGFA has the following eight measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually.

LGFA will:

- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy;
- Meet or exceed the Performance Targets;
- Comply with the Health and Safety at Work Act 2015;
- Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times;
- Assist the local government sector with their COVID-19 response and the proposed Three Waters Reform Programme;
- Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives.

Achievements

The Council has been fully informed by the LGFA through quarterly and half yearly reports, and the Annual Report.

Local Government Funding Agency (LGFA) Performance Indicators

Key Performance Indicator	Target 2021/22	Result 2021/22	Comment
LGFA's total operating income	At 30 June 2022 will be greater than $19.1 million	Not Achieved	$18.6 million
LGFA's annual issuance and operating expense (excluding AIL)	At 30 June 2022 will be less than $7.2 million	Not Achieved	$7.2 million
Total lending to Participating Borrowers	At 30 June 2022 will be at least $13,294 million	Achieved	$14.019 billion
Conduct an annual survey Participating Borrowers who borrow from LGFA	Achieve at least an 85% satisfaction score as to the value added by LGFA to the council borrowing activities	Achieved	August 2021 survey outcome of 99.2%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements		Achieved	100%
Achieve market share of all council borrowing in New Zealand	80%	Achieved	80%
Review each Participating Borrower's financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually		Achieved	All councils visited
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015		Achieved	No breaches
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due		Achieved	100%
Maintain a credit rating equal to the New Zealand Government t Sovereign rating where both entities are rated by the same credit rating agency		Achieved	'AA+/AAA'

Consolidated Financial Statements

Statement of comprehensive revenue and expense for the year ended 30 June 2022

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Operating revenue						
Rates	3	64,330	64,096	64,096	57,400	57,400
Subsidies and grants	4	29,118	20,139	20,139	33,633	33,633
Finance revenue	5	46,725	46,876	10,019	38,486	9,101
Trading and other revenue	6	17,486	16,631	396,680	18,092	361,904
Reversal of impairment losses on financial assets		-	-	-	-	-
Vested asset revenue		-	8	8	-	-
Other gains	7	-	653	63,913	1,416	80,540
Total operating revenue		**157,659**	**148,404**	**554,856**	**149,027**	**542,578**
Operating expenditure						
Employee benefit expenses	8	47,726	49,095	98,946	46,177	91,675
Depreciation and amortisation	17,18	7,706	8,713	44,833	7,251	40,620
Trading and other expenses	9	104,803	97,482	237,709	85,391	212,483
Finance costs	5	3,501	3,061	18,545	3,212	18,600
Impairment of property, plant and equipment		-	-	-	-	12
Other losses	7	-	48	51,230	698	28,298
Total operating expenditure		**163,735**	**158,398**	**451,262**	**142,730**	**391,687**
Impairment of investment in equity accounted investees	22	-	-	(599)	-	(2,707)
Share of profit/(loss) of equity accounted investees	22	-	1	17,562	(2)	17,016
Surplus/(deficit) before taxation		**(6,076)**	**(9,993)**	**120,557**	**6,295**	**165,200**
Income tax expense	10	-	-	44,526	-	36,534
Surplus/(deficit) after taxation		**(6,076)**	**(9,993)**	**76,031**	**6,295**	**128,666**
Attributable to:						
Equity holders of the parent		(6,076)	(9,993)	25,728	6,295	82,413
Non-controlling interest		-	-	50,293	-	46,253
		(6,076)	**(9,993)**	**76,031**	**6,295**	**128,666**

The accompanying notes form part of these financial statements.

Statement of other comprehensive revenue and expense for the year ended 30 June 2022

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Net surplus/(deficit) after tax		**(6,076)**	**(9,993)**	**76,031**	**6,295**	**128,666**
Other comprehensive revenue and expense						
Items that will be reclassified to surplus/(deficit) when specific conditions are met:						
Gain/(loss) on land and building revaluations		-	-	-	9,591	9,591
Gain on Infrastructure assets revaluations		15,310	9,553	9,553	2,338	2,338
Gain/(loss) on maritime and Lakes asset revaluations		-	-	-	3,020	3,020
Financial assets at fair value through comprehensive revenue and expense		62	816	816	3,679	927
Cash flow hedges - changes in fair value, net of tax		-	-	15,165	-	6,618
Cash flow hedges - reclassified to profit or loss, net of tax		-	-	4,382	-	3,903
Share of net change in cash flow hedge reserves of equity accounted investees.	22	-	-	862	-	496
Items that will not be reclassified to surplus/(deficit):						
Asset revaluation, net of tax		-	-	625,137	-	157,842
Bearer plant revaluation, net of tax		-	-	(4,136)	-	1,694
Kiwifruit licence revaluation, net of tax		-	-	1,115	-	1,018
Share of net change in revaluation reserve of equity accounted investees.	22	-	-	13,865	-	12,090
Total other comprehensive revenue and expense		**15,372**	**10,370**	**666,760**	**18,628**	**199,537**
Total comprehensive revenue and expense		**9,297**	**377**	**742,791**	**24,922**	**328,203**
Total comprehensive revenue and expense attributable to:						
Equity holders of the parent		9,297	377	394,579	24,922	200,198
Non-controlling interest		-	-	348,212	-	128,005
		9,297	**377**	**742,791**	**24,922**	**328,203**

The accompanying notes form part of these financial statements.

Statement of changes in equity/net assets for the year ended 30 June 2022

	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Balance at 1 July	537,929	553,144	2,127,899	528,353	1,839,199
Adjustment to accumulated surplus/deficit from accounting policy change PBE IPSAS 31	-	-	-	(131)	(131)
Adjusted balance 1 July	537,929	553,144	2,127,899	528,222	1,839,068
Total comprehensive revenue and expense previously reported	9,297	376	742,791	24,922	328,202
	547,226	553,520	2,870,689	553,144	2,167,270
Increase/(decrease) in share capital	-	-	(37)	-	735
Dividends to shareholders	-	-	(47,203)	-	(42,209)
Non controlling interest adjustments	-	-	(13)	-	25
Retained earnings adjustment	-	-	506	-	-
Equity settled share-based payment accrual	-	-	2,021	-	2,078
Balance at 30 June	**547,226**	**553,520**	**2,825,963**	**553,144**	**2,127,899**
Total comprehensive revenue and expense attributable to:					
Equity holders of the parent	9,297	377	394,579	24,922	200,198
Non-controlling interest	-	-	348,212	-	128,005
	9,297	**377**	**742,791**	**24,922**	**328,203**

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2022

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Current assets						
Cash and cash equivalents	11	25,965	79,807	125,779	41,112	83,591
Other financial assets - current	15	58,948	35,921	35,921	71,155	71,155
Trade and other receivables	12	24,963	22,830	88,413	25,882	93,868
Inventories	13	258	497	2,682	230	1,239
Derivative financial instruments	16	-	-	350	-	-
Loans to Equity accounted investees		-	-	2,930	-	-
Total current assets		**110,134**	**139,055**	**256,075**	**138,379**	**249,853**
Non-current assets						
Trade and other receivables - long term	14	721	722	19,335	1,230	17,732
Property, plant and equipment	17	552,157	519,881	2,910,425	500,362	2,262,758
Intangible assets	18	5,745	5,674	33,104	5,979	33,219
Biological assets	19	-	-	807	-	680
Investment property	20	-	-	97,308	-	56,907
Investments in equity accounted associates	22	10	8	250,598	7	208,509
Other financial assets:						
- Investment in CCO's and other similar entities	15	56,481	55,369	12,182	55,804	10,712
- Investment in other entities	15	51	55	304,929	14,553	353,747
- Loans to related parties (Quayside Holdings Limited)	15	110,000	54,602	-	49,600	-
Deferred tax assets	24	-	-	719	-	710
Derivative financial instruments	16	-	-	11,957	-	77
Total non-current assets		**725,164**	**636,312**	**3,641,375**	**627,534**	**2,945,050**
Total assets		**835,298**	**775,367**	**3,897,451**	**765,914**	**3,194,904**
Current liabilities						
Trade and other payables	23	21,564	13,528	57,679	15,913	55,071
Contingent consideration			-	368	-	434
Employee benefit liabilities	25	6,152	5,326	8,676	5,247	8,636
Borrowings	26	95,900	70,400	195,400	75,900	361,006
Derivative financial instruments	16	-	-	67	-	1,151
Current taxation		-	-	13,746	-	10,005
Total current liabilities		**123,616**	**89,255**	**275,936**	**97,061**	**436,304**

Statement of financial position as at 30 June 2022 *continued*

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Non-current liabilities						
Trade and other payables	23	-	6,569	6,569	6,503	6,503
Employee benefit liabilities	25	1,056	1,293	2,920	1,206	3,450
Borrowings	26	160,000	122,130	651,912	105,000	514,885
Contingent consideration		-	-	2,688	-	2,920
Put option	40	3,400	2,600	-	3,000	-
Derivative financial instruments	16	-	-	7,403	-	13,763
Deferred tax liabilities	24	-	-	124,061	-	89,181
Total non-current liabilities		**164,456**	**132,592**	**795,553**	**115,710**	**630,703**
Total liabilities		**288,072**	**221,847**	**1,071,488**	**212,770**	**1,067,005**
Total net assets		**547,226**	**553,520**	**2,825,963**	**553,144**	**2,127,899**
Equity						
Retained earnings	27	197,488	206,228	497,914	216,926	475,823
Asset revaluation reserve	28	225,465	229,901	1,276,518	219,530	907,677
Asset replacement reserve	28	45,037	29,774	29,774	21,864	21,864
General reserves	28	67,549	73,424	73,424	80,449	80,449
Targeted rates reserves	28	4,978	7,353	7,353	6,272	6,272
Restricted reserves	28	6,709	6,839	6,840	8,081	8,081
Total equity attributable to the group		**547,226**	**553,520**	**1,891,823**	**553,143**	**1,500,186**
Non-controlling interest	28	-	-	934,140	-	627,712
Total equity		**547,226**	**553,520**	**2,825,963**	**553,143**	**2,127,898**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2022

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Cash flows from operating activities						
Rates		64,329	63,160	63,160	57,801	57,801
Grants		29,118	19,766	19,766	33,718	33,718
GST		1,815	76	76	272	272
Receipts from customers		17,486	20,370	417,543	15,208	353,428
Interest received		2,125	2,324	1,517	4,468	3,835
Dividends/distributions received		44,600	44,564	7,284	35,416	6,163
Taxes refunded		-	-	33	-	13
Taxes/subvention paid		-	-	(36,447)	-	(36,576)
Payments to suppliers and employees		(152,529)	(146,753)	(345,531)	(129,066)	(318,017)
Other income		-	-	906	-	623
Interest paid		(3,501)	(2,513)	(20,293)	(3,370)	(21,557)
Net cash from operating activities		**3,445**	**993**	**108,013**	**14,445**	**79,701**
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		-	-	33	562	572
Proceeds from sale of investments		22,208	56,155	135,618	110,000	151,984
Disposal of equity acccounted investees		-	-	-	-	3,912
Distributions from equity investments		-	-	3,951	-	4,390
Distributions from equity accounted investees		-	-	20,314	-	12,388
Finance lease payments received, including interest		-	-	(13)	-	13
Repayment of advances from equity accounted investees		-	-	(2,627)	-	5,171
Purchase of property, plant and equipment	17	(34,252)	(17,384)	(38,729)	(27,083)	(49,760)
(Purchase)/sale of intangibles		(321)	(1,115)	(1,250)	(401)	(234)
Purchase of investment property		-	-	(8,808)	-	(2,850)
Improvements to investment property		-	-	(5,720)	-	-
Purchase of investments/financial assets		-	(6,421)	(68,599)	(79,288)	(166,552)
Investment in equity accounted investee		-	-	(30,165)	-	(6,231)
Payment of deferred and contingent consideration		-	-	(488)	-	-
Cash acquired as part of business combinations		-	-	-	-	794
Net cash from investing activities		**(12,364)**	**31,235**	**3,517**	**3,790**	**(46,404)**

Statement of cash flows for the year ended 30 June 2022 *continued*

	Notes	Budget 2021/22 $000	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Cash flows from financing activities						
Repayment of borrowings		-	(15,500)	(153,529)	(50,500)	(114,500)
Proceeds from borrowings	26	75,000	27,130	137,898	40,000	101,020
Loan to Quayside Holdings Limited		(60,000)	(5,002)	(5,002)	-	-
Borrower Notes		(2,500)	(655)	(655)	214	214
Borrower Notes repaid		898	-	-	-	-
Repurchase of shares		-	-	(931)	-	-
Repayment of lease liabilities		-	-	(874)	-	(869)
Long term loans - Clean Heat		-	(172)	(172)	(749)	(749)
Loan repayments - Clean Heat		426	663	663	757	757
Dividends/distributions paid		-	-	(47,204)	-	(42,209)
Net cash from financing activities		**13,824**	**6,464**	**(69,806)**	**(10,278)**	**(56,335)**
Effects of exchange rate changes on cash and cash equivalents		-	-	461	-	(47)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		4,904	38,692	42,185	7,957	(23,085)
Cash, cash equivalents and bank overdrafts at the beginning of the year		21,061	41,115	83,594	33,156	106,677
Cash, cash equivalents and bank overdrafts at the end of the year	11	**25,965**	**79,808**	**125,778**	**41,113**	**83,592**

The accompanying notes form part of these financial statements.

Reconciliation of surplus/(deficit) after tax to net cash flow from operating activities

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Reported profit after tax	**(9,993)**	**76,031**	**6,295**	**128,666**
Items classified as investing/financing activities				
IFRS16 lease expenses	-	(289)	-	420
Finance lease interest revenue	-	(41)	-	(55)
Net (gain)/loss on investments	-	(15,227)	-	(50,078)
Realised foreign exchange (gains)/losses	-	26	-	(4)
Net (gain) on sale of property, plant and equipment	-	38	(440)	(450)
	-	**(15,493)**	**(440)**	**(50,167)**
Add/(less) non cash and non-operating items:				
Depreciation and amortisation	8,713	44,799	7,251	40,651
PBE IPSAS 31 SaaS adjustments	289	289	-	-
Work in progress expensed	890	890	-	-
Impairment of property, plant and equipment	-	-	-	12
Impairment of property, plant and equipment on revaluation	-	1,445	-	2,326
(Decrease)/Increase in deferred taxation expense	-	5,874	-	(4,977)
Ineffective portion of change in fair value of cash flow hedge	-	(51)	-	3
Amortisation of interest rate collar premium	-		-	86
Reversal of previous revaluation deficit	-	508	-	-
Share of net profit after tax retained by equity accounted investees	(1)	(17,561)	2	(17,016)
Impairment of investment in subsidiaries	1,905	-	-	-
Impairment of investment in equity accounted investees	-	599	-	2,707
Increase in equity settled share based payment accrual	-	2,021	-	2,078
Loss on disposal of equity accounted investees	-	-	-	741
Write off of bearer plants	-	-	-	398
Revenue received in advance	-	2,244	-	-
Change in the fair value of contingent consideration	-	117	-	103
Borrower notes fair value adjustment	-	-	-	-
Loss on sale of property, plant and equipment	48	48	698	698
Gain on revaluation of put option	(400)	-	(400)	-
Asset revenue gain	-	-	(577)	(577)
Unrealised foreign exchange gains	(253)	(253)	-	-
Net unrealised (gain)/loss on capital investments	135	1,529	-	(4,953)
Vested asset revenue	(8)	(8)	-	-
	11,318	**42,490**	**6,975**	**22,281**

Reconciliation of surplus/(deficit) after tax to net cash flow from operating activities *continued*

	Council 2021/22 $000	Grooup 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Add/(less) movements in working capital				
Change in receivables	2,641	4,314	(637)	(32,152)
Change in prepayments	(486)	(486)	1,094	1,094
Change in inventories	(267)	(1,443)	17	469
Change in taxation payable	-	3,208	-	5,074
Change in foreign cash deposits	-	(500)	-	45
Change in payables	(2,385)	(273)	1,588	4,840
Change in employee provisions	165	165	(448)	(448)
	(332)	**4,985**	**1,614**	**(21,078)**
Net cashflow from operating activities	**993**	**108,013**	**14,445**	**79,701**

Notes to the Financial Statements

1 Statement of accounting policies

Reporting entity

Bay of Plenty Regional Council is a Regional Council established under the Local Government Act 2002 (LGA), and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Bay of Plenty Regional Council and its subsidiaries, Quayside Holdings Limited (a 100% owned investment company) and the Toi Moana Trust Fund, a majority owned portfolio investment entity (PIE). Quayside Holdings Limited has a 100% shareholding in Quayside Properties Limited, Quayside Unit Trust, Quayside Investment Trust, Quayside Securities Limited, Aqua Curo Limited, Quayside Mystery Valley Limited, Quayside Barnett Place Limited, Quayside Portside Drive Limited, Quayside The Vault Limited and Quayside Tauriko Limited. The principal activity of Quayside Securities Limited is to act as trustee for the Quayside Unit Trust, Quayside Investment Trust and Toi Moana Trust. Quayside Securities Limited as trustee owns 54.14% of the shares in Port of Tauranga Limited (Port Company). The Council's subsidiaries are incorporated and domiciled in New Zealand.

The principal activity of the Toi Moana Trust is financial investment.

The Council and group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 22 December 2022.

Council does not have the power to amend the financial statements after issue.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which includes the requirement to comply with generally accepted accounting practice in New Zealand (GAAP).

The financial statements have been prepared in accordance with and comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis, except that the following assets and liabilities are stated at their fair value: available for sale financial assets, other financial assets and liabilities (including derivatives) at fair value through the statement of comprehensive revenue and expense, land, buildings, harbour improvements, wharves and hardstanding, kiwifruit licences, investment properties, bearer plants and biological assets.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), other than the related party transaction disclosures in note 32, the remuneration disclosures in note 33, and the severance payment disclosures in note 34. The related party transaction, remuneration, and severance payment disclosures are rounded to the nearest dollar.

Changes in accounting policies

The following changes in accounting policies were made in the current year:

Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS Interpretations Committee (IFRIC), a committee supporting profit-oriented reporting, published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for. The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard specifically dealing with such costs, management considers the IFRIC decision relevant to the accounting for similar types of arrangements of the group in accordance with PBE IPSAS 31 intangible assets.

The group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The IFRIC concluded where SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in the cloud computing arrangement, can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

The accounting policy has historically been to capitalise all costs related to SaaS arrangement as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

The new accounting policy is presented in Note 18.

At 30 June 2022, the group has applied the new accounting policy retrospectively for the majority of the SaaS arrangements. The impact on the financial statements are:

Parent	**Reported 1 July 2020**	**Adjustments**	**Restated 1 July 2020**	**Reported 30 June 2021**	**Adjustments**	**Restated 30 June 2021**
	$000	$000	$000	$000	$000	$000
Statement of financial position						
Intangible assets	6,580	(1,309)	5,270	8,077	(2,097)	5,979
Trade and other receivables	23,900	1,179	25,079	24,986	896	25,882
Total equity	528,353	(131)	528,222	554,346	(1,202)	553,144
Statement of comprehensive revenue and expenditure						
Depreciation and amortisation				7,469	(218)	7,251
Trading and other expenses				84,102	1,289	85,391
Statement of cash flows						
(Purchase) / sale of intangibles				(543)	142	(401)
Payments to suppliers and employees				(128,924)	(142)	(129,066)

Group	**Reported 1 July 2020**	**Adjustments**	**Restated 1 July 2020**	**Reported 30 June 2021**	**Adjustments**	**Restated 30 June 2021**
	$000	$000	$000	$000	$000	$000
Statement of financial position						
Intangible assets	28,874	(1,309)	27,564	35,317	(2,097)	33,219
Trade and other receivables	82,557	1,179	83,736	92,972	896	93,868
Total equity	1,839,199	(131)	1,839,068	2,129,101	(1,202)	2,127,900
Statement of comprehensive revenue and expenditure						
Depreciation and amortisation				40,838	(218)	40,620
Trading and other expenses				211,194	1,289	212,483
Statement of cash flows						
(Purchase) / sale of intangibles				(376)	142	(234)
Payments to suppliers and employees				(317,875)	(142)	(318,017)

Standards issued and not yet effective, and not early adopted

PBE IPSAS 41 Financial instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It is effective for reporting periods beginning on or after 1 January 2022. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks Although the Council has not assessed the effect of the new standard, it does not expect any significant changes

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the group on a line-by-line basis. All intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

Group

The Council consolidates, in the group financial statements, all entities where the Council has the capacity to control their financing and operating policies to have exposure or rights to variable benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Goods and Service Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated 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 Inland Revenue Department (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 an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Subsidiary

Quayside Investment Trust, Quayside Unit Trust and Toi Moana Trust include GST on items in their financial statements as they are not GST registered.

Budget figures

The budget figures are those approved by the Council in its Long Term Plan 2021 - 2031. The budget figures have been prepared in accordance with New Zealand GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Critical accounting estimates, assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- trade receivables includes an estimated sale price for kiwifruit sold (note 12)
- valuation of unlisted private equity investments (note 15)
- valuation of derivative financial instruments (note 16)
- valuation of land, buildings, harbour improvements, and wharves and hardstanding (note 17)
- valuation of bearer plants (note 17)
- impairment assessment of intangible assets (note 18)
- accounting for Software-as-a-Service (SaaS) arrangements (note 18)
- valuation of biological assets (note 19)
- valuation of share rights granted (note 29)
- valuation of investment properties (note 20)
- assessment of significant influence or joint control in relation to Equity Accounted Investees (note 22)
- impairment assessment of investments in equity accounted investees (note 22)

Classification of property

The subsidiary owns several properties, which have been purchased for long term capital appreciation and/or rental rather than for short term sale in the ordinary course of business. The current carrying value of this investment property is $97.4m (2021: $56.9m). In the case of the industrial land held by Quayside Properties Limited for development as Rangiuru Business Park, the revenue derived from operating the land as kiwifruit orchards and leased grazing is incidental to holding these properties and provides short-term benefit in the form of cash returns to the subsidiary whilst the land is developed. These incidental cash flows are independent of the cashflows generated by other assets held by the Group. The kiwifruit bearer plants on the land are classified as property, plant and equipment – refer to note 17 - while the underlying land is classified as investment property.

The QHL directors, in applying their judgement have classified these properties as investment property according to NZ IAS 40. Also refer to note 20 for more information on the classification of Rangiuru Land.

Classification of Perpetual Preference Shares

The QHL directors have considered the terms and conditions of Perpetual Preference Shares and the subsidiary has classified these shares as equity. Upon consolidation they are recognised as debt by the group. Note 32 explains the terms and conditions of the perpetual preference shares.

Put option

The key factors which impact on the valuation of the put option are:

- The ability of Quayside Holdings Limited as a stand-alone entity to meet future Perpetual Preference Share dividends payments;
- The ability of the Council to meet the obligations of the put option if it were to be exercised; and
- The risk that the holders of the Perpetual Preference Share will be able to realise the capital invested in the Perpetual Preference Share

A credit default swaps valuation technique has been used to value the put option. This technique is consistent with the requirements of International Financial Reporting Standards to determine the fair value of a put option. Two independently developed valuation models have been used to manage the model risk, the results of the models being cross-checked to ensure there are no material valuations differences.

The key inputs and assumptions used in the models are:

- Nominal amount of credit protection on reference credit $200 million;
- Term of credit protection 10 years; and
- Probability of default is consistent with a A- to BBB+credit quality. (Source: Moody's, based on empirical observations in the period 1983 to 2018.)

The valuation of the put option as at 30 June 2022 was carried out by PricewaterhouseCoopers, Wellington, on 21 September 2022.

Infrastructural assets

There are a number of assumptions and estimates used when performing Optimised Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under-estimating the annual depreciation charge, recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, the Council's infrastructural asset useful lives have been determined, with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's Asset Management Planning, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform a review of the Council's infrastructural asset revaluations.

Fair value hierarchy

A number of the group's accounting policies and disclosures require the determination of fair value, being market value, for both financial and non financial assets and liabilities.

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Assets and liabilities measured at fair value are classified according to the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial Instruments

Financial Assets – Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2 Council summary – groups of activities income statement

	Budget 2021/22	Actual 2021/22	Actual 2020/21 Restated
Revenue by group of activity	$000	$000	$000
Catchment Management	32,406	29,092	28,484
Flood Protection and Control	19,056	19,922	18,007
Resource Regulation and Monitoring	16,080	15,295	16,048
Transport and Urban Planning	40,814	37,763	32,070
Democracy, Engagement and Planning	23,990	24,941	22,052
Emergency Management	3,425	3,527	3,130
Support Services	14,327	14,728	14,883
Activity operating revenue	**150,097**	**145,268**	**134,673**
Reconciliation to income statement			
Plus subsidies and grants for capital expenditure	7,562	3,137	14,351
Total operating revenue - income statement	**157,659**	**148,405**	**149,025**
Reconciliation to funding impact statement			
Less subsidies and grants for capital expenditure	(5,713)	(2,084)	(12,051)
Less other dedicated capital funding	(1,848)	(1,052)	(2,301)
Less non-cash revenue	-	(661)	(1,416)
Total sources of operating funding	**150,097**	**144,607**	**133,257**
Expenditure by group of activity			
Catchment Management	35,123	32,863	29,962
Flood Protection and Control	14,302	16,498	13,278
Resource Regulation and Monitoring	15,770	16,305	16,361
Transport and Urban Planning	42,473	37,363	36,293
Democracy, Engagement and Planning	35,644	32,532	22,516
Emergency Management	3,424	3,389	3,225
Support Services	16,998	19,448	21,095
Total operating expenditure	**163,735**	**158,398**	**142,730**
Reconciliation to income statement			
Total expenditure - income statement	**163,735**	**158,398**	**142,730**
Reconciliation to funding impact statement			
Less depreciation	(7,706)	(8,713)	(7,251)
Less non-cash expenditure	-	(2,088)	(698)
Total applications of operating funding	**156,029**	**147,598**	**134,780**
Net cost of service	**(6,076)**	**(9,993)**	**6,295**
Surplus (deficit) of operating funding	**(5,932)**	**(2,991)**	**(1,523)**

*Figures include overheads and recoveries

3 Rates revenue

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
General rates	31,784	31,784	29,094	29,094
Targeted rates	32,747	32,747	29,004	29,004
Less: remissions	(435)	(435)	(699)	(699)
Total rates revenue	**64,096**	**64,096**	**57,400**	**57,400**

The seven city and district councils in the Bay of Plenty collect and administer most rates on behalf of Bay of Plenty Regional Council.

Bay of Plenty Regional Council aligns its general policy on the remission and postponement of rates with the policies and objectives of each of these councils.

There are 133,436 rating units within the region as at 30 June 2022, compared to 132,341 as at 30 June 2021.

Bay of Plenty Regional Council use land valuations as a rating mechanism.

The total land value of rating units within the region is $95,633,783,678 as at 30 June 2022, compared to $65,903,590,428 as at 30 June 2021.

Policies

General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Rates remissions are recognised as a reduction in rates revenue when the Council has received an application that satisfies its rates remission policy.

4 Subsidies and grants

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Waka Kotahi (Passenger Transport)	14,854	14,854	14,842	14,842
Ministry for the Environment (Te Arawa Rotorua Lakes deed funding)	-	-	661	661
Ministry for the Environment (Rangitāiki Wetlands project)	172	172	240	240
Ministry for the Environment (Public Waterways and Ecosystem Restoration)	1,066	1,066	955	955
Ministry for Primary Industries (National Wallaby programme)	-	-	2,248	2,248
Ministry for Primary Industries (Wilding Conifer Control programme)	202	202	414	414
Ministry for Primary Industries (One Billion Trees programme)	502	502	465	465
Ministry for Business, Innovation and Employment - via Whakatāne DC (Provincial Growth Fund)	-	-	2,051	2,051
Ministry for Business, Innovation and Employment (Climate Resilience programme)	2,222	2,222	11,247	11,247
Whakatāne District Council (Rangitāiki Floodway grant)	-	-	276	276
Tarawera Restoration Grant	788	788	-	-
Other subsidies and grants	335	335	234	234
Total subsidies and grants	**20,139**	**20,139**	**33,633**	**33,633**

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2021: nil).

Policies

Government grants

The Council receives funding assistance from the Waka Kotahi NZ Transport Agency, which subsidises part of the Council's passenger transport services. The subsidies are recognised as revenue upon entitlement once conditions pertaining to eligible expenditure have been fulfilled.

The Council also receives grants in respect of qualifying operating and capital expenditure from Central Government. Grants received from Ministry for the Environment for the Rotorua Lakes Protection and Restoration Action Plan as detailed in the funding deed. These grants are recognised as revenue in the period they are received.

Other grants

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

5 Finance revenue and finance costs

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Finance revenue				
Foreign dividends	-	2,551	-	1,496
New Zealand dividends	44,564	4,955	35,416	4,815
Interest income	2,312	2,075	3,070	2,658
Interest on advances to equity accounted investees	-	55	-	41
Change in fair value of hedged risk		125		
Ineffective portion of changes in fair value of cash flow hedges	-	6	-	-
Interest on finance lease	-	-	-	1
Convertible note interest	-	252	-	90
Total finance revenue	**46,876**	**10,019**	**38,486**	**9,101**
Finance costs				
Interest expense on borrowings	3,061	18,465	3,212	18,511
Ineffective portion of changes in fair value of cashflow hedges	-	-	-	3
Amortisation of interest rate collar premium	-	80	-	86
Total finance costs	**3,061**	**18,545**	**3,212**	**18,600**
Net finance revenue/(costs)	**43,815**	**(8,526)**	**35,274**	**(9,499)**

Policies

Finance revenue

Finance revenue comprises interest income on bank deposits, finance lease interest and other interest income and gains on hedging instruments that are recognised in the statement of comprehensive revenue and expense.

Interest income is recognised as it accrues, using the effective interest method.

Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Dividend Income is recognised on the date that the Group's right to receive payment is established, being the ex-dividend date.

Finance costs

Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions, impairment losses recognised on financial assets (except for trade receivables), and losses on hedging instruments that are recognised in the statement of comprehensive revenue and expense. All borrowing costs are recognised in the statement of comprehensive revenue and expense using the effective interest method.

The Council and Group do not capitalise borrowing costs.

6 Trading and other revenue

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Container terminal revenue	-	239,333	-	209,212
Multi-cargo revenue	-	63,445	-	61,348
Marine services revenue	-	39,148	-	35,830
Sale of goods - kiwifruit	-	3,199	-	4,659
Rental income	303	34,908	212	32,407
User fees and charges	9,084	9,084	10,027	10,027
Other revenue	7,244	7,563	7,853	8,421
Total trading and other revenue	**16,631**	**396,680**	**18,092**	**361,904**

Subsidiary

The Quayside Group has several kiwifruit orchards. All orchards are managed by post-harvest provider Seeka Kiwifruit Industries Limited, and all kiwifruit is sold to Zespri under a supply agreement. All income from trays of kiwifruit are net of the point of sale and cool store costs.

Kiwifruit income this year has been derived from 26.45 canopy hectares (2021: 26.45 hectares).

Sale of goods – kiwifruit for an amount of $3.2 million is included in the Segment "Investing "as disclosed in note 35.

Policies

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. For the subsidiary standard credit terms are a month following invoice with any rebate variable component calculated at the client's financial year end. Rebateable sales are eligible for sales volume rebates. When the rebate is accrued, it is accrued as a current liability (rebate payable) based on contracted rates and estimated volumes. For financial reporting purposes rebates are treated as a reduction in profit or loss. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

Provision of services revenues is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Rental income from property leased under operating leases is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.

Container terminal revenue relates to the handling, processing, storage and rail of containers. Contracts are entered into with shipping lines and cargo owners. The primary performance obligations identified include the load and discharge of containers (which include the services provided to support the handling of containers). Container terminal revenue is recognised over time based on the number of containers exchanged (an output method). This method is considered appropriate as it allows revenue to be recognised based on the Group's effort to satisfy the performance obligation. The transaction price is determined by the contract and adjusted by variable consideration (rebates). Rebates are based on container volume and the Group accounts for the variable consideration using the expected value method. The expected value is the sum of probability weighted amounts in a range of possible consideration amounts. The Group estimates container volumes based on market knowledge and historical data.

Multi cargo revenue relates to the wharfage and storage of bulk goods. Contracts are entered into with cargo owners. The stevedoring services are provided by a third party. Multi cargo revenue is recognised after the vessel's departure, at a point in time, except storage revenue which is recognised over time. The transaction price for multi cargo services is determined by the contract.

Marine Services revenue relates directly to the visit of a vessel to the port and includes fees for pilotage, towage and mooring. Contracts are entered into with vessel operators. The performance obligations identified include vessel arrival, departure and berthage. Revenue is recognised over time, based on time elapsed, as customers are charged a daily service fee for each day in the Port. The transaction price for marine services is determined by the contract.

Kiwifruit income - Revenue from the sale of kiwifruit is recognised in the statement of comprehensive revenue and expense when the significant risks and rewards of ownership have been transferred to the buyer i.e. Zespri. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the highly probable income per tray to be received, based on the latest forecast from Zespri. Any revision of the income recognised during the year will be recognised in the statement of comprehensive revenue and expense.

Other income is recognised when the right to receive payment is established.

Resource consent revenue - Fees and charges for resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Vested or donated physical assets - For assets received for no, or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

Sale of goods - Revenue from the sale of goods is recognised when a product is sold to the customer.

7 Other gains/losses

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Gains				
Gain on sale of property, plant and equipment	-	-	440	440
Realised foreign exchange gains	-	44	-	304
Realised gain on equity investments and associates	1	5,006	-	6,050
Change in fair value of biological assets	-	102	-	179
Change in fair value of investment property	-	25,272	-	-
Unrealised foreign exchange gain on equity investments	-	1,549	-	20
Gain on revaluation of Put Option	400	-	400	-
Asset revenue gain	253	253	577	577
Unrealised gain on equity investments	-	31,686	-	72,961
Other gains	-	2	-	10
Total gains	**654**	**63,914**	**1,416**	**80,540**

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Losses				
Loss on revaluation of investment properties	-	-	-	828
Realised foreign exchange losses	-	43	-	352
Realised loss on equity investments	-	2,217	-	2,176
Unrealised foreign exchange losses	-	-	-	18
Unrealised loss on equity investments	-	47,822	-	21,704
Other losses through income statement	-	1,100	-	2,522
Loss on sale of fixed assets	48	48	698	698
Total losses	**48**	**51,230**	**698**	**28,298**
Net gains/(losses)	**606**	**12,684**	**718**	**52,242**

Policies

Foreign Currency gains/losses

Transactions in foreign currencies are translated into the functional currency of Group entities at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive revenue and expense income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Gain/loss on equity investments

Equity securities designated at fair value through profit and loss are revalued to fair value based on quoted market prices at the reporting date. Gains and losses on individual equities securities are shown separately in the income statement and are not netted off.

8 Employee benefit expenses

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Salaries and wages	43,823	91,141	41,549	84,712
Superannuation	1,374	3,083	1,282	2,839
Other employee related expenses	3,898	4,722	3,346	4,124
	49,095	**98,946**	**46,177**	**91,675**

9 Trading and other expenses

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Fees to auditors				
** Audit fees for the audit and review of the financial statements:*				
-Audit New Zealand - audit fees paid to principal auditor (Council and Quayside Group) financial statements	175	427	146	291
-Audit NZ - audit fees for other Quayside group entities	-	-	-	2
-KPMG - audit fees paid for other Quayside group entities	-	-	-	12
- KPMG - audit fees paid to principal auditor of the Port of Tauranga Group	-	239	-	294
-fees to Audit New Zealand for audit of Council LTP	-	-	85	85
-fees to Audit New Zealand for audit of Council Debenture Trust Deed	8	13	6	6
Bad debts written-off	41	41	99	99
Consultation fees	5,155	5,155	5,119	5,119
Contracted services for port operations	-	84,796	-	69,143
Contract work	46,765	46,765	46,924	46,924
Direct fuel and power expenses	691	15,185	601	12,146
Directors' fees	-	460	-	454
Grants, contributions and sponsorships	18,204	18,204	9,938	9,938
Impairment loss on financial asset	1,905	-	-	-
Insurance	1,364	1,364	1,392	1,392
Legal fees	1,076	1,076	1,548	1,548
Licenses software/hardware	3,442	3,442	1,863	1,863
Maintenance costs	2,537	15,432	3,317	18,950
Operating lease payments	562	562	526	526
Operational materials	2,778	2,778	2,979	2,979
Orchard expenses	-	1,196	-	1,386
Other expenses	9,473	37,267	7,864	36,341
Professional development	935	935	939	939
Rates	221	221	198	198
Rates commission	1,821	1,821	1,677	1,677
Valuation costs	330	330	169	169
Total trading and other expenses	**97,482**	**237,709**	**85,391**	**212,483**

* The Council 2021/22 amount consists of $156,713 for the audit of the 2021/22 financial statements and an additional fee of $17,391 for the audit of 2020/21 financial statements. The Group 2021/22 audit fees consist of $341,173 for the audit of the 2021/22 financial statements. Additional fees of $57,053 have been recognised for the audit of 2020/21 financial statements and $29,000 for the 2019/20 financial statements.

The total value of all assets that are covered by insurance contracts, are $154 million and the maximum amount to which they are insured is unknown, as it depends on market value and/or replacement value as well as the inflation at the time of loss; and

The total value of all assets that are covered by financial risk sharing arrangements are $426 million and the maximum amount available to the local authority under those arrangements is $60 million; and the total value of all assets that are self-insured is zero and there is a no fund maintained for that purpose.

Policies

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

10 Taxation

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Profit/(loss) before income tax for the period	(9,994)	120,556	6,295	165,199
Income tax on the surplus/(deficit) for the period at 28%	(2,798)	45,059	1,763	54,047
Tax effect of amounts which are non deductible / (taxable) in calculating taxable income:				
Non-taxable income	17,828	17,828	11,109	11,109
Fair value (loss)/gain through profit and loss	-	2,969	-	(14,412)
Exempt dividends (Wholly owned group)	-	(14,424)	-	(12,773)
Foreign dividend regime	-	1,050	-	672
Impairment of investment in equity accounted investees	-	-	-	758
Share of equity accounted investees after tax income, excluding CODA Group limited partnership	-	(4,453)	-	(4,267)
Dividend imputation credits/other tax credits	(15,030)	(1,789)	(12,872)	166
PIE attributed (income)/loss	-	-	-	(1,443)
Other attributed income/(loss)	-	5	-	(163)
Group loss offset election	-	(826)	-	(596)
Tax losses unutilised	-	35	-	3,904
Prior period adjustment	-	(883)	-	(66)
Assessible income on disposal	-	401	-	-
Loss on disposal of Equity Accounted Investees	-	-	-	207
Other	-	(444)	-	(607)
Income tax expense	-	**44,527**	-	**36,536**

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
The income tax (benefit)/expense is represented by:				
Current tax expense				
Tax payable in respect of the current period	-	39,437	-	40,881
Adjustment for prior period	-	(740)	-	630
Total current tax expense	**-**	**38,696**	**-**	**41,511**
Deferred tax expense				
Origination/reversal of temporary differences	-	6,154	-	(4,433)
Adjustment for prior period	-	(323)	-	(544)
Total deferred tax expense	-	5,831	-	(4,977)
Income tax expense	**-**	**44,527**	**-**	**36,534**

Subsidiary	Group 2021/22 $000	Group 2020/21 $000
Income tax recognised in other comprehensive revenue and expense:		
Revaluation of property, plant and equipment	22,912	17,935
Revaluation of bearer plants	1,627	35
Revaluation of intangibles	(433)	-
Cashflow hedges	7,602	4,091
Total	**31,708**	**22,061**

Imputation credit account - Subsidiary	Group 2021/22 $000	Group 2020/21 $000
Quayside Holdings Limited		
Imputation credits available for use in subsequent periods	**131,623**	**118,040**

Policies

Income tax expense includes components relating to current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or equity.

11 Cash and cash equivalents

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Cash at bank and in hand	79,807	125,779	41,112	68,591
Term deposits with maturities less than 3 months	-	-	-	15,000
Total cash and cash equivalents	**79,807**	**125,779**	**41,112**	**83,591**

While cash and cash equivalents at 30 June 2022 are subject to the expected credit loss requirements of IFRS 9, no loss allowance has been recognised because the estimated loss allowance for the credit losses is trivial (30 June 2021: nil).

Policies

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Bank term deposits are initially measured at the amount invested. A loss allowance for expected credit losses recognised if the estimated loss allowance is not trivial.

12 Trade and other receivables (current)

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Rates receivables	9,796	9,796	8,860	8,860
Trade receivables	3,079	57,901	6,448	64,040
Kiwifruit income receivable	-	2,786	-	3,177
Trade receivables from equity accounted investees, subsidiaries and related parties	-	326	-	312
Advances to equity accounted investees	-	1,400	-	1,400
Prepayments and sundry receivables	10,501	16,963	11,081	16,853
	23,378	**89,172**	**26,389**	**94,642**
Less provision for impairment trade and rates receivables	(548)	(548)	(507)	(507)
Less provision for expected credit losses - advances to equity accounted investees	-	(211)	-	(265)
Total current trade and other receivables	**22,830**	**88,413**	**25,882**	**93,868**

	Council 2021/22 Restated $000	Council 2020/21 Restated $000
Total current receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates (excluding clean heat rates), grants, trade debtors, GST and other receivables	13,905	12,683
Receivables from exchange transactions - this includes outstanding amounts for the sale of goods and services and clean heat rates	8,925	13,199
Total current receivables	**22,830**	**25,882**

The ageing of trade receivables at reporting date was:

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Not past due	2,800	46,300	6,115	50,400
Past due but not impaired 0 - 30 days	68	9,978	55	10,627
Past due but not impaired 30 - 60 days	71	1,027	18	2,058
Past due but not impaired 60 - 90 days	26	193	21	522
More than 90 days	114	402	239	433
	3,079	**57,901**	**6,448**	**64,040**

Write-offs

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: $Nil (2021: Nil)
- Sections 90B: $Nil (2021: Nil)

Impairment

The Council provides for impairment on rates receivable and also has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The simplified expected credit loss model of recognising lifetime expected credit losses for receivables is applied.

In measuring expected credit losses, short-term trade and sundry receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Receivables with a short duration are not discounted.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are calculated based on the probability of a default event occurring within the next 12 months. The probability of default has been calculated on historical and forecast information for use in this calculation.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Council and the Subsidiary have established a provision matrix that is based on its historical credit loss experience, adjusted for any significant known amounts that are not receivable.

There has been no indication of a change in customer payment behaviour, compared with pre-COVID-19 behaviour. On that basis, the following table details loss allowance for trade receivables:

Council 2021/22	**Expected loss rate (default rate)**	**Trade Receivables as at 30 June 2022**	**Loss allowance on trade receivables**
Aging	%	$000	$000
Current	2.28%	2,800	64
30 -60 days	88.42%	68	60
60 - 90 days	87.22%	71	62
90 + days	96.78%	26	26
180+ days	47.24%	114	54
		3,079	265

Council 2020/21	**Expected loss rate (default rate)**	**Trade Receivables as at 30 June 2021**	**Loss allowance on trade receivables**
Aging	%	$000	$000
Current	1.17%	6,115	72
30 -60 days	61.35%	55	33
60 - 90 days	79.47%	18	14
90 + days	93.15%	21	20
180+ days	14.22%	239	34
		6,448	173

Subsidiary 2021/22	**Expected loss rate (default rate)**	**Trade Receivables as at 30 June 2022**	**Loss allowance on trade receivables**
Aging	%	$000	$000
Current	0.00%	43,553	-
0 - 30 days	0.00%	9,910	-
30 -60 days	0.00%	956	-
60-90 Days	0.00%	167	-
90+ Days	0.00%	288	-
		54,875	-

Subsidiary 2020/21	**Expected loss rate (default rate)**	**Trade Receivables as at 30 June 2021**	**Loss allowance on trade receivables**
Aging	%	$000	$000
Current	0.00%	45,214	-
0 - 30 days	0.00%	10,572	-
30 -60 days	0.00%	2,040	-
60-90 Days	0.00%	501	-
90+ Days	0.00%	194	-
		58,521	-

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
At 1 July	507	507	408	408
Additional provisions made during the year	548	548	507	507
Provisions reversed during the year	(507)	(507)	(408)	(408)
At 30 June	**548**	**548**	**507**	**507**

Judgements

A provision for doubtful receivables is established when the assessment under PBE IFRS 9 or NZ IFRS 9 (Council or Subsidiary) deems a provision is required. Movements in the provision for impairment of receivables are disclosed above.

Advances to equity accounted investees

The Parent and Group makes advances to its Equity Accounted Investees for short term funding purposes. These advances are repayable on demand and interest rates charged on these advances are varied.

Kiwifruit income receivable

The kiwifruit income receivable is based on a forecast of proceeds to be received from Zespri on the harvest of the 2020 crop. This is based on the actual number of trays supplied to Zespri and latest forecast information from Zespri on the revenue per tray expected to be received. Revisions of income receivable during the year are recorded against profit and loss.

Prepayments

Prepayments is predominantly made up of a $22.5 million payment made from the Quayside Group to KiwiRail Limited in consideration of the extension of the rail agreement at MetroPort. The payment is amortised over 20 years.

Fair values

The nominal value less impairment provision of trade receivables are assumed to approximate their fair values due to their short term nature.

Policies

Short-term receivables and prepayments are recorded at the amount due, less an allowance for credit losses. The simplified expected credit loss model of recognising lifetime expected credit losses for receivables is applied.

In measuring expected credit losses, short-term trade and sundry receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Receivables with a short duration are not discounted.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other short term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

13 Inventories

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Inventory of parts and consumables	497	2,682	230	1,239
Kiwifruit stock on hand	-	-	-	-
	497	**2,682**	**230**	**1,239**

There were no inventories written off or pledged as security for liabilities during the year (2021: nil).

Policies

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first in–first out method) adjusted, where applicable for any loss in service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the first in-first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of purchased inventory is determined using the first in–first out method.

The amount of any write down for the loss of service potential or from cost to net realisable value, is recognised in the surplus or deficit in the period of the write-down.

14 Trade and other receivables (non-current)

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Prepayments and sundry receivables	-	18,612	-	16,502
Rotorua Hot Swap debtors	722	722	1,230	1,230
	722	**19,335**	**1,230**	**17,732**

	Council 2021/22 $000	Council 2020/21 $000
Total non-current receivables comprise:		
Receivables from exchange transactions - this includes outstanding amounts for clean heat rates	722	1,230
Total non-current receivables	**722**	**1,230**

Rotorua Hot Swap debtors

The Rotorua Hot Swap Loan Scheme was launched in August 2010. This scheme helps upgrade clean heating devices by providing an interest free loan for zero emission products and interest bearing loans for low emission burners and insulation to homeowners. This loan is repaid over 10 years through a targeted rate.

15 Other financial assets (current and non-current)

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Current				
Term deposits	35,921	35,921	71,155	71,155
Total current portion	**35,921**	**35,921**	**71,155**	**71,155**
Non-current portion				
Investment in CCO's and similar entities				
Investment in Quayside Holdings Ltd	92	-	92	-
Investment in TOI Moana Trust	43,095	-	45,000	-
Unlisted shares in NZ LGFA	8,678	8,678	7,864	7,864
Borrower notes NZ LGFA	3,503	3,503	2,848	2,848
Total investment in CCO's and other similar entities	**55,369**	**12,182**	**55,807**	**10,712**
Loans to related parties (Quayside Holdings Limited)				
Loan to Quayside Holdings Ltd*	54,602	-	49,600	-
Total loans to related parties	**54,602**	**-**	**49,600**	**-**
Non-current portion				
Investments in other entities				
Advances to Equity accounted investees	-	-	-	500
Listed assets	-	193,578	-	247,519
Unlisted direct equity investments	-	15,560	-	15,487
Venture capital managed funds	-	50,240	-	25,550
Convertible Notes	-	2,647	-	4,895
Other equity investments	-	42,849	14,500	59,743
Investment in Civic Financial Services Ltd	55	55	53	53
Total investments in other entitles	**55**	**304,929**	**14,553**	**353,747**
Total non-current portion	**110,025**	**317,110**	**119,957**	**364,459**
Total other financial assets	**145,947**	**353,032**	**191,112**	**435,614**

Other financial assets

Other financial assets represent the diversified equity portfolio of the Group that are traded in active markets and investments in managed funds.

Term deposits

Current other financial assets comprise a $29.5 million (2021: $14.75 million) term deposit held by Council.

Investment in Quayside Holdings Limited

The investment in Quayside Holdings Limited is measured at cost of $92,000. The fair value of the investment in Quayside Holdings Limited as at 30 June 2022 is $2,471 billion (2021: $1,769 billion).

Refer to the Annual report 2021/22 of Quayside Holdings Limited for more information (www.quaysideholdings.co.nz).

Investment in Toi Moana Trust

The investment in Toi Moana Trust (established 1 July 2019) is measured at cost less impairment. The initial cost of the investment was $45 million. Council have done a fair value assessment at 30 June 2022, resulting in a revaluation decrease of $1.905 million (2021: $4.753 revaluation increase). This has resulted in the value for Toi Moana Trust as at 30 June 2021 being $43.095 million (2021: $47.001 million).

Borrower notes

Borrower Notes are subordinated convertible debt instruments which each council that borrows from LGFA must subscribe for as a percentage of borrowings. The current rate for new borrowings is 2.5% of the borrowed amount. LGFA will redeem Borrower Notes when the councils' related borrowings are repaid or no longer owed to LGFA.

Loans to related parties

Council

Intercompany loans are made to Quayside Holdings Limited through funds drawn down by Council from the NZ LGFA.

Subsidiary

Intercompany loans are made through funds drawn down by Quayside Holdings Limited from the Westpac Tranche Lines and Bay of Plenty Regional Council loan facility.

The Westpac Banking Corporation facility has interest on charged at the rate charged on the Tranche. The Bay of Plenty Regional Council facility has interest on charged at cost plus margin.

Other equity investments

Other equity investments represent the diversified portfolio of the Quayside Holdings Group that are traded in active markets and direct investment into private equity and managed funds.

Quayside Investment Trust has invested in New Zealand, Australian and International Equities which are managed by an investment manager. Investment reports from the investment manager are received to provide a basis for the valuation. The investment manager values the investments using quoted market prices.

Quayside Holdings Limited has other equity investments of $66.7m (2021: $41.1m) comprising unlisted direct equity investments and investments in venture capital managed funds. All of the Parent’s other equity investments are either audited to a balance date earlier than 30 June 2022 (31 December or 31 March) or are unaudited. The accounting as at 30 June is based on unaudited management accounts. Management accepts the use of management accounts on the basis that these are reviewed by management and changes, if any, between management accounts and audited accounts, would be unlikely to result in a material impact on the carrying value of the investment.

Venture capital managed funds are measured to fair value based on the latest quarterly reports provided by the fund managers. The fund managers have used a variety of valuation techniques in valuing the underlying investments consistent with the guidance from the International Private Equity and Venture Capital Valuation Board (IPEV). These include revenue and earnings multiples, discounted cash flows or earnings, market evidence, and transaction prices for recent investment. In some cases cost is assessed as a reasonable approximation of fair value.

While the Board is of the view that the fair values of the venture capital managed funds and unlisted equity investments in these financial statements represent the best available information, uncertainty exists over the fair value of the investments in the absence of an active market to determine fair value. There is inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments.

Quayside Holdings Ltd has additional other financial assets of $2.6m. There are represented by convertible notes. The management reviewed the value of the notes and fair valued the instrument. The fair value of the convertible note was assessed considering the specific provisions included in the different agreements.

Where relevant information was available the management assessed the fair value of the convertible notes weighting the probability of conversion for the potential fair value derived from conversion and the probability of non-conversion for the value obtained under this second scenario.

The following tables group equity investments as at 30 June 2022 based on the typology and the valuation techniques and inputs used by the Parent to derive the fair value of these investments:

Venture capital managed funds

Valuation Technique	Audited Informaton	Fair Value 2022 $000	Significant Inputs
Adjusted share of net assets	31/03/2022	14,961	1.Manager audited financial statements 2. Management assessment of the unaudited period
Adjusted share of net assets	31/12/2021	35,279	3. Manage quarterly report
Total venture capital managed funds		**50,240**	

Unlisted direct equity investments

Valuation Method	Audited Information	Fair Value 2022 $000	Significant Inputs
Discounted Cash Flow and Earnings Multiple	30/06/2021	12,267	1.Compound annual growth in Revenue and Gross Profit 2. Discount Rate 3. Terminal value multiple
Cost	N/A	3,293	N/A
Total direct equity investments		**15,560**	

Uncalled capital commitments

Quayside Holdings Limited has uncalled capital commitments of $56.4 million (2021: $30.5 million) in relation to equity managed fund investments.

Restrictions and exposure to risks

There are no significant restrictions on the transfer of cash, other assets, or loan/advances being made or repaid, between Council and its subsidiaries or associates.

There are no guarantees or other restrictions that may restrict dividends and other capital distributions being made.

Should the subsidiaries require financial or other support, Council may be requested to contribute. Council has not been requested to or provided financial or other support to any subsidiaries or associates to date.

Council could be exposed to losses in the event of the subsidiaries liquidating or ceasing operations.

Classification of financial instruments

For the purpose of measurement, the group and council's financial assets and liabilities are classified into the following categories:

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Financial assets at amortised costs				
Term deposits	35,921	35,921	85,655	85,655
Shares in Quayside Holdings Ltd	92	-	92	-
Investment in TOI Moana Trust	43,095	-	45,000	-
Loan to Quayside Holdings Ltd*	54,602	-	49,600	-
Advances to Equity accounted investees	-	-	-	500
Total financial assets at amortised costs	**133,710**	**35,921**	**180,347**	**86,155**
Financial assets at fair value through other comprehensive revenue and expense				
Bond and other fixed rate notes	-	-	-	-
Unlisted shares in NZ LGFA Ltd	8,678	8,678	7,864	7,864
Investment in Civic Financial Services Ltd	55	55	53	53
Total investment in CCO's and other similar entities	**8,733**	**8,733**	**7,917**	**7,917**
Financial assets at fair value through surplus or deficit				
Other equity investments	-	304,874		338,694
Borrower notes LGFA	3,503	3,503	2,848	2,848
Total financial assets at fair value through surplus or deficit	**3,503**	**308,377**	**2,848**	**341,542**
Total other financial assets	**145,947**	**353,032**	**191,112**	**435,614**

Policies

Term deposits

The carrying amount of term deposits, floating rate notes and bonds and other fixed rate notes approximates their fair value.

Bonds and other fixed rate notes

Bonds and other fixed rate notes are measured at their fair value after initial recognition based on independent valuations from Bancorp Limited. Gains or losses on re-measurement are recognised in equity.

Investment in subsidiaries

Bay of Plenty Regional Council's investment in Quayside Holdings Limited and Toi Moana Trust is carried at cost less impairment.

Unlisted shares

Unlisted shares are carried at fair value. The investment in shares held by Council, consisting of NZ LGFA and Civic Financial Services Ltd, have all been designated as equity investments. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Borrowers note

Borrowers notes are measured at fair value through surplus or deficit.

Loans to related parties

Loans to related parties are held at cost and annually assessed for impairment.

Intercompany loans

Intercompany loans are initially recognised at fair value. They are subsequently measured at amortized cost and adjusted for impairment losses. An impairment gain or loss is recognised in profit or loss, and is the amount of expected credit losses (or reversal).

Other equity investments

Other equity investments represent the diversified equity portfolio of the Group that are traded in active markets and direct investment into private equity and managed funds.

Investments in unlisted venture capital funds and unlisted equity investments are not traded in active markets. The fair value is categorised under the level 3 fair value hierarchy

A financial asset is mandatorily measured at fair value through profit or loss if it is not measured at amortised cost or designated at fair value through comprehensive income upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets mandatorily measured at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets mandatorily measured at fiar value through profit or loss include share market investments and other equity investments.

The fair value of share market investments measured at fair value through the income statement is based on quoted market prices at the reporting date and are categorised under the level 1 fair value hierarchy. Share market investments are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement and other comprehensive income within other gains and other losses.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership On derecognition, any gain or loss is recognised in the income statement.

Classification of financial instruments

For the purpose of measurement, the group and council's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the gorup has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

There were no impairment expenses or provision for other financial assets. None of the financial assets are either past due or impaired.

Impairment of loans to related parties and financial guarantee contracts

For loans to related parties and financial guarantees, expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The financial effects are not material and the balances are not adjusted (2021: nil).

16 Derivative financial instruments

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Current assets	-	-	-	-
Foreign exchange derivatives - cash flow hedges	-	350	-	-
Total current assets	**-**	350	-	-
Non-current assets				
Foreign exchange derivatives - cash flow hedges	-	11,957	-	77
Total non current assets	**-**	**11,957**	**-**	**77**
Total assets	**-**	**12,307**	**-**	**77**
Current liabilities				
Interest rate derivatives - cash flow hedges	-	(67)	-	(1,151)
Total current liabilities	**-**	**(67)**	**-**	**(1,151)**
Non-current liabilities				
Interest rate derivatives - fair value hedge	-	(7,403)	-	(13,763)
Total non current liabilities	**-**	**(7,403)**	**-**	**(13,763)**
Total liabilities	**-**	**(7,470)**	**-**	**(14,914)**

Group 2022	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Change in Fair Value Used for Calculating Hedge Effectiveness NZ$000	Change in Fair Value Used for Calculating Hedge Ineffectiveness NZ$000	Notional amount of hedging Instrument
Cash flow hedge	Interest rate derivatives	Loans and borrowings	11,957	(67)	-	(205,000)	26,797	6	NZD300 million
Fair value hedge	Interest rate derivatives	Loans and borrowings	-	(7,403)	-	(92,472)	(7,403)	-	NZD100 million
Cash flow hedge	Foreign exchange derivatives	Plant, property and equipment	310	-	-	-	233	-	USD1,410 million
Cash flow hedge	Foreign exchange derivatives	Plant, property and equipment	40	-	-	-	40	-	AUD1,568 million
Total			**12,307**	**(7,470)**	**-**	**(297,472)**	**19,667**	**6**	

Group 2021	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument Assets NZ$000	Carrying Amount of Hedging Instrument (Liabilities) NZ$000	Carrying Amount of Hedged Item Assets NZ$000	Carrying Amount of Hedged Item (Liabilities) NZ$000	Change in Fair Value Used for Calculating Hedge Effectiveness NZ$000	Change in Fair Value Used for Calculating Hedge Ineffectiveness NZ$000	Notional amount of hedging Instrument
Cash flow hedge	Interest rate derivatives	Loans and borrowings	-	(14,914)	-	(240,000)	14,449	(3)	NZD375.000 million
Cash flow hedge	Foreign exchange derivatives	Plant, property and equipment	77	-	-	-	77	-	USD1.410 million
Total			**77**	**(14,914)**	**-**	**(240,000)**	**14,526**	**(3)**	

	2022 NZ$000	2021 NZ$000
Opening balance	(11,358)	(22,375)
Fair value gains / (losses)	27,075	14,523
Ineffective portion transferred to income statement	(6)	3
Amortisation of interest rate collar premium	80	86
Movement in hedging reserve of Equity Accounted Investees	862	496
Tax impact (refer to note 8)	(7,602)	(4,091)
Closing balance	**9,051**	**(11,358)**

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive revenue and expense. The change in fair value of the cash flow hedge is accounted for as a cost of hedging and recognised in the hedging reserve within equity.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The notional amount of the hedging instrument must match the designated amount of the hedged item for the hedge to be effective.

The subsidiary's policy of ensuring a certain level of its interest rate risk exposure is at a fixed rate, is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

Sources of hedge ineffectiveness are:

- Material changes in credit risk that affect the hedging instrument but do not affect the hedged item
- Drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedging reserve remains there until the highly probable forecast transaction, upon which the hedging was based, occurs. When the hedged item is a non financial asset, the amount recognised in the hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in the hedging reserve is transferred to the statement of comprehensive revenue and expense in the same period that the hedged item affects the statement of comprehensive revenue and expense.

Fair value hedges

The Group designates as fair value hedges derivative financial instruments on fixed rate debt where the fair value of the debt changes as a result of changes in interest rates. The carrying amount of the hedged items are adjusted for gains and losses attributable to the risk being hedged. The hedging instruments are also measured to fair value. Gains and losses for both are recognised in the statement of comprehensive revenue and expense.

Fair values

The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives that are not traded in active markets (for example over-the-counter derivatives) are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the reporting date.

Valuation inputs for valuing derivatives are as follows:

Valuation input	Source
Interest rate forward price curve	Published market swap rates
Published spot foreign rates and interest rate differentials	Published market interest rates as applicable to the remaining life of the instrument adjusted for the credit risk of the counterparty for assets and the credit risk of the group for liabilities
Foreign exchange forward prices	Published spot foreign rates and interest and differentials

All financial instruments held by the group and designated fair value are classified as level 2 under the fair value measurement hierarchy.

Policies

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

The Group's hedging policy parameters are:

Interest rate derivatives

Debt Maturity	Minimum Hedging %	Maximum Hedging %
Within one year	45	100
One year to three years	30	85
Three years to seven years	15	65
Seven years to ten years	0	50

Foreign exchange derivatives

Expenditure	Minimum Hedging %	Maximum Hedging %
Upon Board approval of capital expenditure denominated in a foreign currency	0	50
Upon signing of contract with supplier for capital expenditure denominated in a foreign currency	75	100

17 Property plant and equipment

	Cost / revaluation 01 July 2021 $000	Accumulated depreciation and impairment charges 01 July 2021 $000	Carrying amount 01 July 2021 $000	Current year additions $000	Current year disposals $000	Current year adjustments to cost $000	Current year impairment charges $000	Current year depreciation $000	Revaluation surplus $000	Current year adjustments to depreciation $000	Depreciation write back on disposals $000	Depreciation write back on revaluation adjustments $000	Cost / revaluation 30 June 2022 $000	Accumulated depreciation and impairment charges 30 June 2022 $000	Net book value amount 30 June 2022 $000
Bay of Plenty Regional Council															
Operational assets															
Land	8,345	-	8,345	57	-	645	-	-	-	-	-	-	9,047	-	9,047
Buildings	38,058	1	38,059	2,739	-	153	-	(568)	-	(84)	-	-	40,950	(651)	40,299
Plant and Equipment	31,729	(19,571)	12,158	4,633	(4,211)	(2)	-	(3,184)	-	38	4,165	-	32,149	(18,553)	13,596
Maritime	1,331	-	1,331	46	(2)	-	-	(135)	-	-	-	-	1,376	(135)	1,241
Works In Progress	2,110	-	2,110	303	-	-	-	-	-	-	-	-	2,413	-	2,413
Infrastructural assets					-						-				
Flood Protection					-						-				
Kaituna	76,209	(382)	75,826	4,754	(186)	-	-	(315)	(891)	64	-	316	79,887	(317)	79,570
Rangitaiki/Tarawera	121,304	(311)	120,993	1,575	(1,183)	-	-	(298)	5,257	-	-	310	126,952	(299)	126,653
Whakatāne/Tauranga	83,971	(272)	83,700	627	(59)	15,357	-	(1,302)	3,128	-	-	272	103,025	(1,302)	101,722
Waioeka/Otara	50,564	(155)	50,409	167	(150)	-	-	(152)	2,045	-	-	155	52,627	(152)	52,475
Rangitaiki Drainage	16,162	(34)	16,128	155	(39)	-	-	(33)	283	-	-	34	16,560	(33)	16,527
Communal Pumping	5,272	(3,752)	1,520	-	-	-	-	(235)	-	-	-	-	5,272	(3,987)	1,286
Other Structures	1,060	-	1,060	-	-	-	-	-	-	-	-	-	1,060	-	1,060
WIP Rivers & Drainage	38,705	-	38,705	2,031	-	321	-	-	-	-	-	-	41,057	-	41,057
Lakes Restoration	12,231	(152)	12,079	183	-	-	-	(1,020)	-	-	-	-	12,414	(1,172)	11,242
WIP Lakes Restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rivers & Drainaga - Non Scheme	15,456	-	15,456	-	(99)	(15,357)	-	-	-	-	-	-	-	-	-
Restricted assets											-				
Parks Land	7,966	-	7,966	9	-	(645)	-	-	-	-	-	-	7,331	-	7,331
Parks Buildings	993	(20)	973	91	-	-	-	(33)	-	-	-	-	1,084	(53)	1,031
Flood protection	2,351	(31)	2,320	-	-	-	-	(30)	6	-	-	31	2,356	(30)	2,326
Other Restricted assets															
Land	2,764	-	2,764	-	-	-	-	-	-	-	-	-	2,764	-	2,764
Flood Protection	8,570	(109)	8,460	(13)	-	-	-	(141)	-	(64)	-	-	8,556	(315)	8,241
Council property plant and equipment	**525,150**	**(24,787)**	**500,364**	**17,358**	**(5,929)**	**472**	**-**	**(7,447)**	**9,828**	**(46)**	**4,165**	**1,117**	**546,879**	**(26,998)**	**519,881**

	Cost / revaluation 01 July 2021 $000	Accumulated depreciation and impairment charges 01 July 2021 $000	Carrying amount 01 July 2021 $000	Current year additions $000	Current year disposals $000	Current year adjustments $000	Current year impairment charges $000	Current year depreciation $000	Revaluation surplus $000	Current year adjustments to depreciation $000	Depreciation write back on disposals $000	Depreciation write back on revaluation adjustments $000	Cost / revaluation 30 June 2022 $000	Accumulated depreciation and impairment charges 30 June 2022 $000	Net book value amount 30 June 2022 $000
Subsidiary															
Freehold land	931,054	-	931,054	-	-	-	-	-	537,841	-	-	-	1,468,895	-	1,468,895
Freehold buildings	148,642	(5,697)	142,945	1,083	-	(904)	-	(5,898)	(6,713)	23	-	11,466	142,108	(106)	142,002
Wharves and hardstanding	360,431	(6)	360,425	11,290	-	904	-	(14,583)	75,313	(23)	-	-	447,938	(14,612)	433,326
Harbour improvements	178,962	-	178,962	1,307	-	-	-	(1,250)	28,697	-	-	-	208,979	(1,250)	207,716
Bearer Plants	9,061	-	9,061	-	-	-	-	(647)	(6,392)	-	-	647	2,669	-	2,669
Plant and equipment	257,574	(118,962)	138,612	4,930	(134)	-	-	(12,317)	-	-	67	-	262,370	(131,212)	131,158
Capital work in progress	6,805	-	6,805	4,114	-	(561)	-	-	-	-	-	-	10,358	-	10,358
Subsidiary property plant and equipment	**1,892,529**	**(124,667)**	**1,767,864**	**22,724**	**(134)**	**(561)**	**-**	**(34,695)**	**628,746**	**-**	**67**	**12,113**	**2,543,317**	**(147,180)**	**2,396,124**
Elimination of interest capitalised	(5,468)	-	(5,468)	(102)	-	-	-	-	-	-	-	-	(5,570)	-	(5,570)
Total Group property plant and equipment	**2,412,211**	**(149,454)**	**2,262,760**	**39,980**	**(6,063)**	**89**	**-**	**(42,142)**	**638,574**	**(46)**	**4,232**	**13,230**	**3,084,613**	**(174,178)**	**2,910,435**

Rivers and Drainage assets were damaged in the April 2017 flood event. This resulted in an impairment being applied against each major river and drainage asset totaling $10.1 million in 2017. The impairment amount is reviewed annually and has reduced accordingly with each annual review. In 2022 the impairment was not adjusted and remains at $500,000 (2021: Impairment was $500,000).

The latest valuation for Flood Protection assets was at 1 July 2021 with the estimated replacement cost as below:

Flood Protection & Control Works	**Closing Book Value** $000	**Constructed by Council** $000	**Transferred to Council** $000	**Estimated Replacement Cost** $000
as at 30 June 2022	379,273	18,982	-	391,694
as at 30 June 2021	354,261	7,048	-	367,387

	Cost / revaluation 01 July 2020 $000	Accumulated depreciation and impairment charges 01 July 2020 $000	Carrying amount 01 July 2020 $000	Current year additions $000	Current year disposals $000	Current year adjustments $000	Current year impairment charges $000	Current year depreciation $000	Revaluation surplus $000	Adjustment to Accumulated depreciation $000	Depreciation write back on disposals $000	Depreciation write back on revaluation adjustments $000	Cost / revaluation 30 June 2021 $000	Accumulated depreciation and impairment charges 30 June 2021 $000	Net book value amount 30 June 2021 $000
Bay of Plenty Regional Council															
Operational assets															
Land	6,780	-	6,780	635	-	-	-	-	930	-	-	-	8,345	-	8,345
Buildings	28,336	1	28,336	2,957	-	215	-	(406)	6,550	(57)	-	463	38,058	1	38,059
Plant and Equipment	30,074	(18,461)	11,613	3,843	(2,288)	100	-	(3,068)	-	(82)	2,041	-	31,729	(19,571)	12,158
Maritime	880	(145)	735	-	(1)	(14)	-	(71)	466	2	-	214	1,331	-	1,331
Works In Progress	4,389	-	4,389	(2,279)	-	-	-	-	-	-	-	-	2,110	-	2,110
Infrastructural assets															
Flood Protection															
Kaituna	80,646	(350)	80,296	2,284	-	(8,570)	-	(322)	1,848	(32)	-	321	76,209	(382)	75,826
Rangitaiki/Tarawera	112,723	(281)	112,442	5,347	(383)	(21)	-	(311)	3,637	-	-	281	121,304	(311)	120,993
Whakatāne/Tauranga	81,548	(274)	81,275	1,730	(7)	-	-	(272)	701	-	-	274	83,971	(272)	83,700
Waioeka/Otara	48,780	(132)	48,648	215	-	-	-	(155)	1,569	-	-	132	50,564	(155)	50,409
Rangitaiki Drainage	15,864	(25)	15,840	-	-	21	-	(34)	277	-	-	25	16,162	(34)	16,128
Communal Pumping	5,272	(3,517)	1,754	-	-	-	-	(235)	-	-	-	-	5,272	(3,752)	1,520
Other Structures	1,060	-	1,060	-	-	-	-	-	-	-	-	-	1,060	-	1,060
WIP Rivers & Drainage	30,064	-	30,064	8,641	-	-	-	-	-	-	-	-	38,705	-	38,705
Lakes Restoration	10,553	(1,877)	8,675	2,522	(639)	(131)	-	(898)	(73)	85	125	2,413	12,231	(152)	12,079
WIP Lakes Restoration	1,478	-	1,478	(1,479)	-	-	-	-	-	-	-	-	-	-	-
Rivers & Drainage - Non Scheme	21,256	-	21,256	-	-	(5,800)	-	-	-	-	-	-	15,456	-	15,456
Restricted assets															
Parks Land	5,755	-	5,755	-	-	-	-	-	2,210	-	-	-	7,966	-	7,966
Parks Buildings	1,692	(162)	1,530	54	-	-	-	(49)	(754)	-	-	191	993	(20)	973
Other Restricted Land	2,764	-	2,764	-	-	(2,764)	-	-	-	-	-	-	-	-	-
Flood Protection	2,344	(31)	2,312	-	-	-	-	(31)	7	-	-	31	2,351	(31)	2,320
Other Restricted assets															
Land	-	-	-	-	-	2,764	-	-	-	-	-	-	2,764	-	2,764
Flood Protection	-	-	-	-	-	8,570	-	(141)	-	32	-	-	8,570	(109)	8,460
Council property plant and equipment	**492,257**	**(25,255)**	**467,001**	**24,470**	**(3,319)**	**(5,630)**	**-**	**(5,992)**	**17,369**	**(52)**	**2,166**	**4,346**	**525,150**	**(24,787)**	**500,363**

	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year disposals	Current year adjustments	Current year impairment charges	Current year depreciation	Revaluation surplus	Adjustment to Accumulated depreciation	Depreciation write back on disposals	Depreciation write back on revaluation adjustments	Cost / revaluation	Accumulated depreciation and impairment charges	Net book value amount
	01 July 2020	**01 July 2020**	**01 July 2020**										**30 June 2021**	**30 June 2021**	**30 June 2021**
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Subsidiary															
Freehold land	825,556	-	825,556	1,660	-	-	-	-	103,838	-	-	-	931,054	-	931,054
Freehold buildings	137,445	(54)	137,391	11,197	-	-	-	(5,643)	-	-	-	-	148,642	(5,697)	142,945
Wharves and hardstanding	321,065	(22,726)	298,339	10,678	-	-	-	(12,086)	28,688	-	-	34,806	360,431	(6)	360,425
Harbour improvements	175,751	(2,809)	172,942	956	-	-	-	(1,590)	2,255	-	-	4,399	178,962	-	178,962
Bearer Plants	7,638	-	7,638	-	(398)	-	-	(487)	1,821	-	-	487	9,061	-	9,061
Plant and equipment	247,492	(106,995)	140,497	10,082	-	-	(12)	(11,955)	-	-	-	-	257,574	(118,962)	138,612
Capital work in progress	10,273	-	10,273	-	(3,468)	-	-	-	-	-	-	-	6,805	-	6,805
Subsidiary property plant and equipment	**1,725,220**	**(132,586)**	**1,592,636**	**34,573**	**(3,866)**	**-**	**(12)**	**(31,761)**	**136,602**	**-**	**-**	**39,692**	**1,892,529**	**(124,665)**	**1,767,864**
Elimination of interest capitalised	(5,379)	-	(5,379)	(89)	-	-	-	-	-	-	-	-	(5,468)	-	(5,468)
Total Group property plant and equipment	**2,212,098**	**(157,841)**	**2,054,258**	**58,954**	**(7,185)**	**(5,630)**	**(12)**	**(37,753)**	**153,971**	**(52)**	**2,166**	**44,038**	**2,412,211**	**(149,452)**	**2,262,759**

Notional carrying amounts

Subsidiary

For each revalued class of property, plant and equipment, the notional carrying amount that would have been recognised, had the assets been carried under the cost model, would be:

	Group	
	2022	2021
	Notional carrying amount	Notional carrying amount
Freehold land	119,203	119,203
Freehold buildings	85,235	89,978
Wharves and hardstanding	61,778	61,622
Harbour improvements	112,239	107,922
Bearer Plants	920	985
Total	**379,375**	**379,710**

Restriction on title

Council

Restricted assets consist of regional parks and buildings on those parks, and public water pumps. These assets are subject to either restrictions on use, or disposal or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977) or other restrictions.

Security

Council

No items of property, plant and equipment have been pledged as security against certain loans and borrowings of Council.

Subsidiary

Certain items of property, plant and equipment have been pledged as security against certain loans and borrowings of Port of Tauranga Group. Details of the security have been disclosed in Note 26.

Occupation of foreshore

Subsidiary

Port of Tauranga Limited holds consent to occupy areas of the Coastal Marine Area to enable the management and operation of port related commercial undertakings that it acquired under the Port Companies Act 1988. The consented area includes a 10 metre radius around navigation aids and a strip from 30 to 60 metres wide along the extent of the wharf areas at both Sulphur Point and Mount Maunganui.

Capital Commitments

Council

The estimated capital expenditure for property, plant and equipment for a balance date but not provided for is $2.7 million (2021: $4.7 million).

Subsidiary

The estimated capital expenditure for property, plant and equipment contracted for at balance date but not provided for is $32.2 million (2021: $29.4 million).

On 28 September 2020, the Port of Tauranga formed a 50:50 joint venture named Ruakura Inland Port LP with Tainui Group Holdings Limited.

The new joint venture will take an initial 50 year ground lease to establish an inland port in Ruakura, and plans to start operations within two years.

The Port of Tauranga has committed capital of $25.0 million to fund the development of the inland port and as at 30 June 2022, $2.9 million has been provided for.

In addition, if the development costs exceed the initial $25.0 million capital commitment, construction contingency funding of up to $25.0 million must be provided to the joint venture.

Judgements

Fair values

Bearer plants, Land, buildings, rivers and drainage, maritime, restricted assets, harbour improvements, and wharves and hardstanding assets

Judgement is required to determine whether the fair value of land, buildings, rivers and drainage, maritime, restricted assets, wharves and hardstanding, and harbour improvements assets have changed materially since the last revaluation. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time. Changes to estimates, assumptions or market conditions subsequent to a revaluation will result in changes to the fair value of property, plant and equipment.

Remaining useful lives and residual values are estimated based on Management's judgement, previous experience and guidance from registered valuers. Changes in those estimates affect the carrying value and the depreciation expense in the statement of comprehensive revenue and expense.

At the end of each reporting period, the Group makes an assessment whether the carrying amounts differ materially from the fair value and whether a revaluation is required. The assessment considers movements in the capital goods price indices and other market indicators since the previous valuations.

As at 30 June 2022, subsidiary buildings have been revalued, due to indicators of a potential material movement in the fair value of the asset class. As the majority of buildings are valued on a combined land and building basis, a revaluation of land has also been performed.

There are also indicators of a potential material movement in the fair value of wharves and hardstanding, and harbour improvement. Due to a full revaluation being performed on these asset classes in the prior year, a full revaluation being performed in the current year is deemed unnecessary as the asset base is substantially the same, therefore the prior year assessments are still relevant. The major movement in value is due to price movements of the materials used to construct these assets. The Port of Tauranga has therefore determined that an adjustment to the carrying value of the asset classes by a cost inflation index will give an accurate representation. The index has been provided by an independent valuer and is based on publicly available price indices.

The fair value measurement has been categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs).

Bearer plants

Fair value of the bearer plants (kiwifruit vines) has been determined by independent registered valuation at 30 June 2022 undertaken by Telfer Young. The fair value measurement has been categorised as a level 2 fair value based on the inputs to the valuation technique. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return.

Valuations

Council

Land

The most recent valuation of operational land was performed by an independent registered valuer, Michael Reay and Grant Utteridge, of Telfer Young. The valuation was effective as at 30 June 2021.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Land - Restricted

Onekawa Regional park was revalued on 30 June 2021 by Miles Mander, of Telfer Young.

Pāpāmoa Hills Regional park was revalued on 17 May 2021 by Mark Passey of Telfer Young.

Buildings

Buildings are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation of operational buildings was performed by independent registered valuers, Grant Utteridge and Michael Reay, of Telfer Young. The valuation was effective as at 30 June 2022.

Buildings are valued at fair value using market based evidence. Market rents and capitalisation rates were applied to reflect market value and depreciated replacement cost.

The risk associated with COVID-19 is considered to have a relatively low to moderate impact on the value of Council buildings.

Maritime assets

The most recent valuation of Maritime assets was performed by Deputy Harbourmaster of the Council to Optimised Depreciated Replacement Cost (ODRC) in accordance with Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17) and peer reviewed by Beca Projects NZ Limited (BECA). The valuation was effective as at 30 April 2021.

Infrastructure assets

Infrastructure assets consist of flood protection and lakes.

The most recent valuation for lakes was carried out as at 30 June 2021 by Peter Todd, of RS Valuation Limited.

Flood protection assets were revalued on 1 July 2021 by engineers of the Council to Optimised Depreciated Replacement Cost (ODRC) in accordance with Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS17), and Property Institute of New Zealand standards with peer review from Opus International Consultants Limited.

Infrastructure assets are valued using the optimised replacement cost method.

Key assumptions in the flood protection valuation include:

- Unit rates for flood protection assets were based on the most recent construction costs and industry quotes. Where there was no current construction cost information available, the prior year rates are used and indexed for the impact of inflation.
- Useful lives for the assets were taken from New Zealand Infrastructure Valuation and Depreciation Guidelines. The remaining useful life of an asset was calculated by deducting asset age from the total useful lives.

Restricted assets

Restricted assets are valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values for land. Market values and capitalisation rates were applied to reflect market value for buildings.

Subsidiary

Land valuation

The valuation of Port of Tauranga land assets as at 30 June 2022 was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of land by $537.8 million.

Land assets are valued using the direct sales comparison approach which analyses direct sales of comparable properties on the basis of the sale price per square metre which are then adjusted to reflect stronger and weaker fundamentals relative to the subject properties.

The significant assumptions applied in the valuation of these assets are:

Asset valuation method	Key valuation assumptions	Hectares	2022		2021	
			Range of significant assumptions	Weighted average	Range of significant assumptions	Weighted average
Direct sales comparison	Tauranga (Sulphur Point) / Mount Maunganui - wharf and industrial land per square metre	182.2	$450 - $1,650	755	$404 - $1,044	$468
	Auckland land - land adjacent to MetroPort Auckland per square metre	6.8	$1,000 - $1,067	1,050	$842 - $936	$873
	Rolleston land - MetroPort Christchurch per square metre	15.0	$140	$140	$124	$124

- Waterfront access premium: A premium of approximately 25% has been applied to the main wharf land areas reflecting the locational benefits this land asset gains from direct waterfront access.
- No restriction of title: Valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore will not detrimentally influence the value of land assets.
- Highest and best use of land: *Subject to relevant local authority's zoning regulations.*
- Tauranga and Mount Maunganui: The majority of land is zoned "Port Industry" under the Tauranga City Plan and a small portion of land at both Sulphur Point and Mount Maunganui has "Industry" zoning
- Auckland: The land is zoned "Heavy Industry Zone" under the Auckland Unitary Plan
- Rolleston: The land is zoned "Business 2A" under the Selwyn District Plan.

Building valuations

The valuation of buildings was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of buildings by $4.753 million. The majority of assets are valued on a combined land and building basis using a Capitalised Income Model with either contract income or market income. A small number of specialised assets, such as gatehouses and toilet blocks, are valued on a Depreciated Replacement Cost basis due to their specialised nature and the lack of existing market.

The Capitalised Income Model uses either the contracted rental income or an assessed market rental income of a property and then capitalises the valuation of the property using an appropriate yield. Contracted rental income is used when the contracted income is receivable for a reasonable term from secured tenants. Market income is used when the current contract rent varies from the assessed market rent due to over or under renting, vacant space and a number of other factors.

The value of land is deducted from the overall property valuation to give rise to a building valuation.

The significant assumptions applied in the valuation of these building assets are:

Asset valuation method	Key valuation assumptions	2022		2021	
		Range of significant assumptions	Weighted average	Range of significant assumptions	Weighted average
Capitalised income model	Market capitalisation rate	1.75 - 9.50%	3.71%	4.50% - 8.00%	5.33%

Wharves and hardstanding, and harbour improvements

The valuation of wharves and hardstanding, and harbour improvements assets was carried out by WSP New Zealand Limited. The valuation increased the carrying amount of wharves and hardstanding, and harbour improvements by $104 million.

WSP use publicly available price indices from Statistics New Zealand and Waka Kotahi NZ Transport Agency to assist in informing their assessment of unit rate increases since the last valuation at 30 June 2021. A different combination of indices has been used for each asset class. The price indices used for each asset component of wharves are as follows:

Index	Description	Weighting
Capital Expenditure Price Index - structural metal products and parts thereof (CEPQ.S2421)	Used to represent the cost of reinforcing and structural steel	39%
Labour Cost Index - construction industry (LCIQ.SG53E9)	Used to represent the cost of labour	40%
Capital Expenditure Price Index - civil construction (CEPQ.S2GC)	Used to represent the cost of other materials	21%

The cost inflation adjustment also includes an allowance for on-costs which allow for those costs directly attributable to the construction of an asset. On-costs include professional fees (which include activities such as design, traffic management and quality monitoring), administration costs and finance charges. The on-costs for the components of wharves and hardstanding, and harbour improvements have increased from a range of 13% to 23% in 2021, to 14% to 34% in 2022.

The significant assumptions applied in the valuation of these assets are;

- Replacement Unit Costs of Construction Rates – Cost Rates are Calculated Taking into Account
- The Port of Tauranga Limited's historic cost data, including any recent competitively tendered construction works.
- Published cost information.
- The WSP New Zealand Limited construction cost database.
- Long run price trends.
- Historic costs adjusted for changes in price levels.
- An allowance is included for costs directly attributable to bringing assets into working condition, management costs and the financing cost of capital held over construction period.
- Depreciation – the Calculated Remaining Lives of Assets Were Reviewed, Taking Into Account:
- Observed and reported condition, performance and utilisation of the asset.
- Expected changes in technology.
- Consideration of current use, age and operational demand.
- Discussions with the Port of Tauranga Limited's operational officers.
- WSP Consultants' in-house experience from other infrastructure valuations.
- Residual values

The significant assumptions applied in the valuation of these wharves and hardstanding, and harbour improvements assets are:

Asset valuation method	Key valuation assumptions	2022		2021	
		Range of significant assumptions	Weighted average	Range of significant assumptions	Weighted average
Depreciated replacement cost basis	Whart construction replacement unit cost rates per square metre - high performance wharves	$137,300 - $282,000	$232,500	$107,000 - $220,000	$181,170
	Earthworks construction replacement unit cost rates per square metre	$8.09	$8.09	$7.50	$7.50
	Basecourse construction replacement unit cost rates per square metre	$23.45 - $45	$37	$21 - $42	$34
	Asphalt construction replacement unit cost rates per square metre	$29 - $59	$47	$27 - $55	$44
	Capital dredging replacement unit cost rates per square metre	$5 - $89	*	$4 - $77	*
	Depreciation method	Straight line basis	Not applicable	Straight line basis	Not applicable
	Channel assets (capital dredging) useful life	Indefinite	Not applicable	Indefinite	Not applicable
	Pavement - remaining useful lives	1-37 years	14 years	2-38 years	15 years
	Wharves remaining useful lives	0-61 years	20 years	0-62 years	21 years

** Weighted average unit cost rates are not presented due to the complexity in measuring the types and locations of removed quantities*

Sensitivities to changes in key valuation assumptions for land, buildings, wharves and hardstanding and harbour Improvements

The following table shows the impact on the fair value due to a change in significant unobservable input:

		Fair value measurement sensitivity to significant	
		Increase in input	Decrease in input
Unobservable inputs within the direct sales comparison approach for land			
Rate per square metre	The rate per square metre assessed from recently sold properties of a similar nature	Increase	Decrease
Unobservable inputs within the income capitalisation approach for buildings			
Market rent	The valuer's assessment of the net market income attributable to the property	Increase	Decrease
Market capitalisation rate	The rate of return, determined through analysis of comparable market related sales transactions, that is applied to a market rent to assess a property's value	Decrease	Increase
Unobservable inputs within depreciated replacement cost analysis for buildings, wharves and hardstanding, and harbour improvements			
Unit costs of construction	The cost of constructing various asset types based on a variety of sources	Increase	Decrease
Remaining useful lives	The remaining useful life on an asset	Increase	Decrease

Policies

The Group has the following classes of property, plant and equipment:

- Operational assets – These include land, buildings, plant and equipment, maritime assets and motor vehicles
- Restricted assets – Restricted assets are regional parks owned by Bay of Plenty Regional Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions
- Infrastructure assets – Infrastructure assets are rivers and drainage networks and Rotorua lakes' structures managed by Bay of Plenty Regional Council. Each class includes all items that are required for it to function, such as stopbanks, flood gates and drainage networks and structures
- Harbour improvements
- Wharves and hardstanding
- Bearer plants

Initial recognition and subsequent measurement - Property, plant and equipment is initially measured at cost, and subsequently stated at either fair value or cost, less depreciation and any impairment losses. Subsequent expenditure that increases the economic benefits derived from the asset is capitalised**.**After initial recognition, certain classes of property, plant and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated.

Revaluation - Land, buildings, rivers and drainage, maritime, restricted assets, harbour improvements, and wharves and hardstanding are measured at fair value, based upon periodic valuations by external independent valuers. The Group undertakes a three yearly revaluation cycle to ensure the carrying value of these assets do not differ materially from their fair value. If during the three year revaluation cycle there are indicators that fair value of a particular asset class may differ materially from its carrying value, an interim revaluation of that asset class is undertaken.

Bearer plants are accounted for using the revaluation method and are revalued annually. The revaluation method requires a revaluation to fair value. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

Any increase in carrying value from revaluation shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of revaluation, the decrease shall be recognised in profit or loss unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions - The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals - Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation - Depreciation of property, plant and equipment, other than freehold land and capital dredging (included within harbour improvements), is calculated on a straight line basis and expensed over their estimated useful lives.

Major useful lives are:

Council

Class	Useful Life	Depreciation Rate
Buildings	5 to 100 years	1% - 20%
Plant and equipment	2 to 50 years	2% - 50%
Maritime	9 - 40 years	2.5% - 11.11%
Infrastructural assets		
Concrete wall	50 years	2%
Culvert	50 years	2%
Concrete structures	70 years	1.43%
Other structures	40 years	2.50%
Pump station	70 years	1.43%
Pump components	various	various
Waterways	N/A	0%
Edge protection	N/A	0%
Buffer zone plantings	N/A	0%
Fencing	N/A	0%
Stopbanks	see below	0.30%

The stopbanks are maintained to convey their design flood carrying capacity. However, settlement of 50 percent of the freeboard will be allowed before stopbank reconstruction is undertaken. Stopbank reconstruction will be required on average every 20 years. To account for this, a depreciation rate of 0.3 percent is used, in this instance, after 20 years, the stopbanks will have lost six percent of their value.

Subsidiary

Class	Useful Life	Depreciation Rate
Bearer plants	20 years	5%
Freehold buildings	33 to 85 years	1% - 3%
Maintenance dredging	3 years	33.33%
Wharves and hardstanding		
Wharves	44 to 70 years	1.43% to 2.27%
Basecourse	50 years	2%
Asphalt	15 years	6.67%
Plant and equipment		
Gantry cranes	10 to 40 years	2.5% to 10%
Floating plant	10 to 25 years	4% to 10%
Other plant and equipment	5 to 25 years	4% to 20%
Electronic equipment	3 to 5 years	20% to 33.33%

Capital and maintenance dredging are held as harbour improvements. Capital dredging has an indefinite useful life and is not depreciated as the channel is maintained via maintenance dredging to its original depth and contours. Maintenance dredging is depreciated over three years.

Work in progress relates to self constructed assets or assets that are being acquired which are under construction at balance date. Once the asset is fit for intended service, it is transferred to the appropriate asset class and depreciation commences. Software developed undertaken as part of a project is transferred to intangibles on completion.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

Impairment of property, plant, and equipment - Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets - Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets - Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

18 Intangible assets

2022	Cost 01 July 2021	Accumulated amortisation and impairment charges 01 July 2021	Carrying amount 01 July 2021	Additions	Disposals	Adjustments	Amortisation charges	Current year amotisation adjustments	Revaluation surplus	Current year disposals	Depn write back on revaluation adjustments	Cost / revaluation 30 June 2022	Accumulated amortisation and impairment charges 30 June 2022	Net book value 30 June 2022
				Current Year										
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Bay of Plenty Regional Council														
Intangible Assets														
Computer Software	13,844	(8,414)	5,431	426	(1,343)	(151)	(1,264)	46	-	1,343	-	12,775	(8,289)	4,486
Work in Progress	549	-	549	689	-	(50)	-	-	-	-	-	1,188	-	1,188
Council Intangible Assets	**14,393**	**(8,414)**	**5,980**	**1,114**	**(1,343)**	**(201)**	**(1,264)**	**46**	**-**	**1,343**	**-**	**13,962**	**(8,289)**	**5,674**
Subsidiary Intangible Assets														
Computer Software	5,281	(3,144)	2,137	135	-	-	(562)	-	-	-	-	5,416	(3,706)	1,710
Rail Services Agreement	4,171	(528)	3,643	-	-	-	(765)	-	-	-	-	4,171	(1,293)	2,878
Goodwill	18,420	-	18,420	-	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	3,040	-	3,040	-	-	-	(167)	-	1,382	-	167	4,422	-	4,422
Subsidiary Intangible Assets	**30,912**	**(3,672)**	**27,240**	**135**	**-**	**-**	**(1,494)**	**-**	**1,382**	**-**	**167**	**32,429**	**(4,999)**	**27,430**
Group Intangible Assets														
Computer Software	19,125	(11,558)	7,568	560	(1,343)	(151)	(1,826)	46	-	1,343	-	18,191	(11,995)	6,196
Rail Services Agreement	4,171	(528)	3,643	-	-	-	(765)	-	-	-	-	4,171	(1,293)	2,878
Goodwill	18,420	-	18,420	-	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	3,040	-	3,040	-	-	-	(167)	-	1,382	-	167	4,422	-	4,422
Work in Progress	549	-	549	689	-	(50)	-	-	-	-	-	1,188	-	1,188
Group Intangible Assets	**45,305**	**(12,086)**	**33,220**	**1,249**	**(1,343)**	**(201)**	**(2,758)**	**46**	**1,382**	**1,343**	**167**	**46,391**	**(13,288)**	**33,104**

2021	Cost	Accumulated amortisation and impairment charges	Carrying amount	Additions	Disposals	Adjustments	Amortisation charges	Current year depreciation	Revaluation surplus	Current year disposals	Depn write back on revaluation adjustments	Cost / revaluation	Accumulated amortisation and impairment charges	Net book value
	01 July 2020	01 July 2020	01 July 2020				Current Year					30 June 2021	30 June 2021	30 June 2021
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Bay of Plenty Regional Council														
Intangible Assets														
Computer Software	13,566	(8,361)	5,204	3,799	-	20	(1,475)	(20)	-	-	-	17,384	(9,856)	7,527
PBE IPSAS 31 change in accounting policy	(2,534)	1,225	(1,309)	(1,006)	-	-	218	-	-	-	-	(3,540)	1,443	(2,097)
Restated Computer Software	11,031	(7,136)	3,895	2,793	-	20	(1,258)	(20)	-	-	-	13,844	(8,414)	5,430
Work in Progress	1,375	-	1,375	542	-	(1,369)	-	-	-	-	-	549	-	549
Council Intangible Assets	**12,407**	**(7,136)**	**5,270**	**3,335**	**-**	**(1,349)**	**(1,258)**	**(20)**	**-**	**-**	**-**	**14,393**	**(8,414)**	**5,979**
Subsidiary Intangible Assets														
Computer Software	5,227	(2,655)	2,572	339	(285)	-	(544)	-	-	55	-	5,281	(3,144)	2,137
Rail Services Agreement	10,567	(9,650)	917	3,604	(10,000)	-	(878)	-	-	10,000	-	4,171	(528)	3,643
Goodwill	15,490	-	15,490	2,930	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	3,315	-	3,315	-	(1,104)	-	(130)	-	829	-	130	3,040	-	3,040
Subsidiary Intangible Assets	**34,599**	**(12,305)**	**22,294**	**6,873**	**(11,389)**	**-**	**(1,552)**	**-**	**829**	**10,055**	**130**	**30,912**	**(3,672)**	**27,240**
Group Intangible Assets														
Computer Software	18,793	(11,016)	7,776	4,138	(285)	21	(2,019)	(20)	-	55	-	22,665	6,712	9,664
PBE IPSAS 31 change in accounting policy	(2,534)	1,225	(1,309)	(1,006)	-	-	218	-	-	-	-	(3,540)	1,443	(2,097)
Restated Computer Software	16,258	(9,791)	6,467	3,132	(285)	21	(1,802)	(20)	-	55	-	19,125	8,155	7,567
Rail Services Agreement	10,567	(9,650)	917	3,604	(10,000)	-	(878)	-	-	10,000	-	4,171	(528)	3,643
Goodwill	15,490	-	15,490	2,930	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	3,315	-	3,315	-	(1,104)	-	(130)	-	829	-	130	3,040	-	3,040
Work in Progress	1,375	-	1,375	542	-	(1,369)	-	-	-	-	-	549	-	549
Group Intangible Assets	**47,006**	**(19,441)**	**27,564**	**10,208**	**(11,389)**	**(1,348)**	**(2,810)**	**(20)**	**829**	**10,055**	**130**	**45,305**	**7,627**	**33,219**

	Group	
	2021/22	2020/21
Kiwifruit Licence Revaluation Reserve	$000	$000
Opening balance	2,421	2,610
Revaluation reversal	1,115	680
Revaluation, net of tax	-	(869)
Closing balance	**3,536**	**2,421**

G3 licences

The G3 licences held are for a total of 5.53 hectares (2021: 5.53 hectares).

A registered valuer at 30 June 2022 determined that the fair value for licences held by the Group was $4,424,000. The current valuation is based on $800,000 per hectare, which was the median G3 licence cost from Zespri's 2022 release of licences. The original cost of the licences is $57,649. There are no restrictions over the title of the intangible assets. The fair value measurement for these assets is categorised as a level 1 fair value. The notional carrying amount that would have been recognised, had the licences been carried under the cost model, would be $38,449 (2021: $38,449).

Judgements

Goodwill relates to goodwill arising on the acquisition of Quality Marshalling (Mount Maunganui) Limited and Timaru Container Terminal Limited.

Goodwill was tested for impairment at 30 June 2022 and confirmed that no adjustment was required. For impairment testing the calculation of value in use was based upon the following key assumptions:

- Cash flows were projected using management forecasts over the five-year period. Average revenue growth for this period was 6%.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 12% was used.

The following key judgments in respect of configuration and customisation costs incurred in implementing SaaS arrangements may have the most significant effect on the amounts recognised in financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operational expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgment has ben applied to determine whether each of these services are distinct or not form the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (ie: upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

During the financial year, the Group recognised $24,072 (2021: $1,178,683) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangement, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangile asset in accordance with PBE IPSAS 31 Intangible Assets.

During the financial year, no costs were recognised by the Group (2021: $2,622,491) as intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Restrictions

There are no restrictions over the title of the intangible assets.

Security

No intangible assets are pledges as security for liabilities.

Policies

Software development

Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Software development assets, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible assets are recognised as intangible software assets. These assets have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs that do not result in intangible assets are expensed as incurred unless they are paid to the supplier(s) of the cloud-based software and/or to the supplier's agent to significantly customise the cloud-based software for the group, in which case, the costs paid upfront may be recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangement.

Kiwifruit licences

Kiwifruit licences are initially measured at cost and are then subsequently revalued each year. Previously kiwifruit licences were not amortised as the useful life of the Plant Variety Rights was undetermined. In September 2016, Zespri issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation has been calculated on the licences from September 2016 based on this licence period.

After initial recognition, licences are carried at a revalued amount, being fair value at the date of revaluation less any subsequent accumulated impairment losses. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in other comprehensive income. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is recognised in the Income Statement. If the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in the Income Statement unless there is a credit balance existing in the revaluation reserve in respect of that asset – in which case the reserve should be offset first.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date.

Goodwill is measured at cost less accumulated impairment losses.

Other

Other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the statement of comprehensive revenue and expense.

The estimated useful lives for the current and comparative periods are as follows:

Consents and contracts: 10 to 35 years

Computer software: 1 to 10 years

Disposals

Gains and losses from the disposal of intangible assets are recognised in the statement of comprehensive revenue and expense.

Impairment of intangible assets

The carrying amounts of the Group’s intangibles other than goodwill are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised in surplus or deficit for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

Goodwill is tested for impairment annually, based upon the value in use of the cash generating unit to which the goodwill relates. The cash flow projections include specific estimates for five years and a terminal growth rate thereafter.

19 Biological assets

This note is for the subsidiary only.

Forestry	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Balance at 1 July	**-**	**680**	**-**	**502**
Additions	-	-	-	-
Change in fair value less estimated costs to sell	-	127	-	178
Balance at 30 June	**-**	**807**	**-**	**680**

The forestry block comprises 103.5 hectares of pinus radiata with planted years ranging from 2013 to 2018. The crop has an expected rotation of 26 years, which would yield revenue in the years 2039 to 2044.

Fair value of the forestry block has been determined by independent registered valuation at 30 June 2022. Fair value has been determined by using the income approach (Discounted Cash Flow) by assessing the net present value of estimated future costs and revenues pertaining to the standing tree crop, using a discount rate of 7.5%. The fair value measurement is categorised as a Level 3 fair value based on the inputs for the assets which are not based on observable market data (unobservable inputs). Notable reasons for the increase in the tree crop value in the last 12 months are as a result of higher long-term log price assumptions, based on forecast market conditions and the maturing of the crop.

The significant assumptions applied in the valuation of these assets are:

1. Discounted Cash Flow (DCF) Approach has been applied to the anticipated pre-tax cash flows (future revenues and costs) for the current tree crop rotation.
2. A notional freehold land rental of NZ$360/ha p.a (2021: $360)
3. A pre-tax implied discount rate of 7.5% p.a (2021: 7.5%), which was derived from the recent market transaction

Sensitivity of tree crop value to discount rate Tree Crop Value Discount Rate (pre-tax) (NZ$ 000's)	
6.00%	1,304
6.50%	1133
7.00%	979
7.50%	**841**
8.00%	716
8.50%	604
9.00%	504

Implied discount rates (IDR) on pre-tax cash flows Analysis Implied Discount Rate	
Recent transaction range	2.5% - 10.8%
Average last 6 years	7.50%
Area-weighted average last 6 years	6.50%

Sensitivity of tree crop value to log prices and production costs Discount Rate (pre-tax) (NZ$ 000s) (NZ$'000)			Log Prices		
Production Costs	**-10%**	**-5%**	**Base**	**5%**	**10%**
+10%	488	619	749	880	1,011
+5%	534	664	795	926	1,056
Base	579	710	841	971	1,102
-5%	625	756	886	1,017	1,147
-10%	670	801	932	1,062	1,193

Kiwifruit crop

Harvesting kiwifruit crop takes place in April to June each year. At 30 June the crop is measured at fair value which is nil (2021: nil). The fair value is deemed to be cost as insufficient biological transformation has occurred.

20 Investment properties

The Council has no investment properties. This note is for the subsidiary only.

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Balance at 1 July	-	56,908	-	54,466
Additions - work in progress (at cost)	-	6,044	-	(1,010)
Additions - Acquisitions (at cost)	-	9,033	-	5,185
Realised gains on sale		-	-	(905)
Fair value gains on valuation	-	25,323	-	(828)
Balance at 30 June	**-**	**97,308**	**-**	**56,908**
Classifed as:				
Investment property - Held for sale - Current	-	-	-	-
Investment property - Non current	-	97,308	-	56,908
	-	**97,308**	**-**	**56,908**
Rental income from investment properties	-	1,646	-	1,320
Expenses from investment property generating income	-	186	-	175

Description of investment properties

Investment properties held by Quayside Holdings Limited Group include the following:

Asset type	Location	Current Use
Commercial Building	Tauranga CBD	Commercial Lease
Commercial Building	Hamilton	Commercial Lease
Industrial Building	Mount Maunganui	Commercial Lease
Industrial Building	Hamilton, Te Rapa	Commercial Lease
Residential Rural Block	Tauriko	Residential Rental
Rural Block	Paengaroa	Grazing/Forestry
Industrial Zoned Land for future development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals.

Rangiuru Land classification

The management run an assessment in order to determine the classification of Rangiuru Land as at 30 June 2021. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from the management.

The Group in 2005 undertook a plan change which changed the land from rural to industrial. There has been no change in designation of the land since this time. In parallel in 2005, the Group obtained a number of long-term consents for the park. All are deemed operative, by virtue of the Tauranga Eastern Link development. Quayside is in the process of seeking a renewed earthworks consent and a minor modification on one existing consent. No new consents were issued in the last 12 months.

As at balance date, buildings and vines had been removed from stage one land in preparation of the development. As at balance sheet date earthworks have commenced.

Due to the long-term horizon of the project, there is still a lot of uncertainty around timing and actions to be taken with the plan plots and the development of the Business Park. A decision on the Quayside role in relation to the park at completion is not reached yet. The Group is currently seeking expressions of interest in the development and has indicated that it is interested in selling land, leasing land or development vertical builds.

Due to the existing uncertainties disclosed above, the management believes that the classification of the land as investment property is appropriate.

Valuation of investment properties

Investment properties are revalued annually to fair value. The fair value measurements have been categorised as a level 2 fair value based on the inputs to the valuation technique. The valuation of all investment property was carried out by independent registered valuers. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned by Quayside Properties Limited. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land improvement values have been assessed with regard to their income producing capacity, depreciated replacement cost and an analysis of sales where properties have included similar asset types.

A summary of the valuation methods and significant assumptions applied in the valuation of these assets are:

Asset type	Valuation Method adopted	Highest and best use	Significant assumptions
Commercial & Industrial Buildings	Capitalisation approach and Discounted Cash Flow Analysis	Current use	Net market rent of $438.51 (2021: $424) per sqm (Commercial)
			Net market rent of $181.8 (2021: ($175.83) (Industrial, Mount Maunganui)
			Net market rent of $153.75 (2021: n/a) (Industrial, Hamilton)
			Capitalisation rate range of 4.875% and 5.375% (2021:4.75% and 5. 25%)
			Discount rate of 5.75% and 6% (2021: 5.50% and 5.75%)
Residential Rural Block - Tauriko	Market approach	Current use	$550/ha to $300,000/ha for improvements and land respectively
Rural block - Paengaroa	Market approach	Current use	$250-$400 (Improvements) $1,500 to $32,000 (land value)
Rangiuru Business Park	Market approach	Stage 1 Land – Industrial park development	Stage 1 Land – $4.4 to $70/sqm.
			Stage 1 Developed Land $85/sqm.
		Stage 2 land – Orchard/rural use.	Stage 2 Land - $60/sqm.

Commitments

The Group has a no contractual commitment at year-end in relation to the settlement on the purchase of investment properties (June 2021: nil).

Policies

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes any expenditure that is directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Group's business and those services could not be provided efficiently and effectively by the lessee in another location;
- the property is being held for future delivery of services by the Group; or
- the lessee uses services of the Group and those services are integral to the reasons for the lessee's occupancy of the property

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its costs for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any improvements in investment property will be recognised initially at cost whilst the work is in progress, and will subsequently be included in the fair value revaluation once the work is complete.

21 Investments in subsidiaries

Name of Entity	Principal Activity	Interest Held by Group 2022 %	Interest Held by Group 2021 %	Balance date
Subsidiaries of Bay of Plenty Regional Council				
Toi Moana Trust	Holds equity investments	100.00	100.00	30 June
Quayside Holdings Limited	Holding Company	100.00	100.00	30 June
Subsidiaries of Quayside Holdings Limited				
Quayside Unit Trust (QUT)	Majority shareholder in POT	100.00	100.00	30 June
Quayside Investment Trust (QIT)	Holds equity investments	100.00	100.00	30 June
Quayside Securities Limited (QSL)	Trustee for QUT, QIT and Toi Moana Trust	100.00	100.00	30 June
Quayside Properties Limited (QPL)	Holds investment properties	100.00	100.00	30 June
Cibus Technologies Limited (CTL)	Shell company	100.00	100.00	30 June
Aqua Curo Limited (ACL)	Involvement with macroalgae for bioremediation purposes	100.00	100.00	30 June
Quayside Te Papa Tipu Limited (QTPTL)	Development company	100.00	-	30 June
Quayside Mystery Valley Limited (QMVL)	Holds investment property	100.00	-	30 June
Quayside Barnett Place Limited (QBPL)	Holds investment property for annuity	100.00	-	30 June
Quayside Portside Drive Limited (QPDL)	Holds investment property for annuity	100.00	-	30 June
Quayside The Vault Limited	Holds investment property for annuity	100.00	-	30 June
Quayside Tauriko Limited (QTL)	Holds investment property for annuity	100.00	-	30 June
Port of Tauranga Limited (POT)	Port company	54.14	54.14	30 June
Subsidiaries of Port of Tauranga Limited				
Port of Tauranga Trustee Company Limited	Holding company for employee share scheme	100.00	100.00	30 June
Quality Marshalling (Mount Maunganui) Limited	Marshalling and terminal operations services	100.00	100.00	30 June
Timaru Container Terminal Limited	Sea Port	100.00	100.00	30 June

The subsidiaries of the Group are incorporated / established in New Zealand.

The principal place of business of Quayside Holdings Limited's wholly owned subsidiaries is Tauranga, New Zealand.

Port of Tauranga Limited facilitates export and import activities through the Port of Tauranga, located in Mount Maunganui in the Bay of Plenty, New Zealand.

Ownership interest in Port of Tauranga Limited	**2022**	**2021**
	$000	$000
Non current assets	2,671,990	2,007,115
Current assets	71,536	74,155
Non current liabilities	(485,890)	(360,595)
Current liabilities	(183,198)	(323,707)
Net assets (100%)	**2,074,438**	**1,396,968**
Group's share of net assets 54.14% (2021: 54.14%)	1,123,101	756,318
Non Controlling Interest 45.86% (2021: 45.86%)	951,337	640,650
Accounting adjustment to non controlling interest	(17,198)	(12,937)
	934,139	**627,712**

Port of Tauranga Group - summary of financial performance and cashflow		
Operating revenue	375,288	338,281
Profit after income tax	111,317	102,375
Total comprehensive income	770,728	283,324
Net cash inflow from operating activities	145,249	99,682
Ending cash and cash equivalents	7,272	7,886

Policies

Subsidiaries are entities controlled by the group. Control exists when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-Controlling Interest - The share of the net assets of controlled entities attributable to non controlling interests is disclosed separately on the statements of financial position. In the income statements, the profit or loss of the group is allocated between profit or loss attributable to non controlling interest and profit or loss attributable to owners of the Parent Company.

Refer to Note 15 for the accounting policy of Financial assets at fair value through other comprehensive revenue and expenses

22 Investments in equity accounted investees

Name of Entity	Principal Activity		2022 %	2021 %	Balance Date
Bay of Plenty Regional Council					
BOPLASS Limited	Local authority shared services	Associate	16.13	16.13	30 June
Quayside Holdings Limited					
Huakiwi Developments Limited Partnership	Orchard development	Joint venture	50.00	50.00	31 Mar*
WNT Ventures	Technological incubator	Associate	20.00	20.00	30 June
HoneyLab Limited	Honey products	Associate	25.74	25.74	31 Mar*
Rhondium Limited	Dental technology	Associate	13.02	13.02	31 Dec*
Techion Holdings Limited	Diagnostic technology	Associate	29.18	29.87	30 June
Oriens Capital	Private equity fund	Associate	19.77	19.77	31 Mar*
PF Olsen Holdings Limited	Forestry Management		44.43	-	31 Dec*
HRL Property Limited	Land ownership		49.00	-	30 Jun
Goodbuzz Limited	Kombucha manufacturer		33.30	-	31 Mar
Quayside Properties Limited					
Lakes Commercial Developments Limited	Commercial property development	Joint venture	50.00	50.00	30 June
Tauranga Commercial Developments Limited	Commercial property development	Joint venture	50.00	50.00	30 June
Port of Tauranga Limited					
Coda Group Limited Partnership	Freight logistics and warehousing	Joint venture	50.00	50.00	30 June
Northport Limited	Sea Port	Joint venture	50.00	50.00	30 June
PrimePort Timaru Limited	Sea Port	Joint venture	50.00	50.00	30 June
PortConnect Limited	On line cargo management	Joint venture	50.00	50.00	30 June
Ruakura Inland Port. LP	Inland Port	Joint venture	50.00	0.00	30 June

* Non-standard balance dates of Parent equity accounted investees are aligned to their business cycle and are accepted on the basis they are not material to the Parent or Group. All of the Parent's equity accounted investments except for Techion Holdings Limited and WNT Ventures, are audited to a balance date earlier than 30 June 2022 (31 December or 31 March). The equity accounting for these investments with non-aligned balance dates is based on unaudited management accounts as at 30 June, which have been reviewed by management. WNT Ventures and Techion Holdings Limited have balance dates of 30 June but audited accounts are generally not available before reporting date. The equity accounting for WNT Ventures and Techion Holdings Limited is therefore based on unaudited management accounts as at 30 June. The Parent accepts the use of unaudited management accounts on the basis that changes, if any, between management accounts and audited acounts, would not be material to the Parent or Group.

Acquisition of PF Olsen Group Limited Holdings

On 10 June 2022, Quayside Holdings Limited acquired 44.43% of PF Olsen Group Holdings Limted (PF Olsen). The purchase of PF Olsen fits into the Group strategy to grow a diversified asset base and is also envisaged to generate cash returns for its shareholder.

The purchase price paid by Quayside was $23.0m and includes retention amounts. Hence, there is no additional contingent consideration payable by Quayside Holdings Limited.

Quayside Holdings Limited management concluded that Quayside Holdings has significant influence of PF Olsen and accounted for the transaction using the equity method. The investment has been recognised at cost, including goodwill.

The equity accounted investees of the group are all incorporated/established in New Zealand.

Carrying value of investments in equity accounted investees

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Associates				
Balance at 1 July	7	19,383	10	22,221
Share of net profit after tax	1	5,073	(3)	3,192
Share of total comprehensive income	**1**	**5,073**	**(3)**	**3,192**
New investment during the year	-	27,667	-	2,356
Impairment of investment	-	(599)	-	(2,707)
Distributions received	-	(9,551)	-	(2,752)
Disposals		-		(2,937)
Balance at 30 June	**8**	**41,973**	**7**	**19,383**
Joint Ventures				
Balance at 1 July	-	189,126	-	176,015
Share of after net profit after tax	-	12,267	-	13,823
Share of hedging reserve	-	862	-	496
Share of revaluation reserve	-	13,865	-	12,090
Share of total comprehensive income	**-**	**26,994**	**-**	**26,409**
New investment during the year	-	3,047	-	3,750
Impairment of investment	-	-	-	-
Disposal		(10,764)		(7,412)
Distributions received	-		-	(9,636)
Balance at 30 June	-	**208,403**	-	**189,126**
Total equity accounted investees	**8**	**250,598**	**7**	**208,509**

Quayside Group

The Group has committed uncalled capital in its equity accounted investees of $1.8m (2021: $3.1m).

There are no contingent liabilities relating to the Group's interests in its equity accounted investees.

The following table summarises the financial information of individually immaterial Equity Accounted interests in associates, as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. PF Olsen is presented separately as considered a material equity accounted investee. These Equity Accounted Investees relate to the Parent only, as the Port of Tauranga Group has Equity Accounted Investee interests in Joint Ventures - shown separately below.

Summarised financial information of immaterial equity accounted investees - Associates

	Council	QHL - Individually immaterial associates	QHL - PF Olsen Group Holdings	Group	Council	Group
	2021/22	2021/22	2021/22	2021/22	2020/21	2020/21
	$000	$000	$000	$000	$000	$000
Cash and cash equivalents	371	5,351	20,647	26,369	369	4,035
Total current assets	1,172	6,811	85,817	93,800	1,478	8,466
Total non current assets	32	50,118	30,337	80,487	14	64,492
Total assets	**1,205**	**56,929**	**116,154**	**174,288**	**1,492**	**72,958**
Current financial liabilities excluding trade and other payables and provisions	859	3,443	83,457	87,759	1,151	3,613
Total current liabilities	**1,153**	**4,640**	**86,405**	**92,198**	**1,447**	**5,937**
Non current financial liabilities excluding trade and other payables and provisions	-	8,636	1,560	10,196	-	827
Total non current liabilities	**-**	**8,636**	**1,560**	**10,196**	**-**	**4,698**
Total liabilities	**1,153**	**13,276**	**87,965**	**102,394**	**1,447**	**10,635**
Total net assets	**52**	**43,653**	**32,622 ***	**71,894**	**46**	**62,325**
Group's share of net assets	8	11,359	14,494	23,891	7	12,138
Goodwill acquired on acquistion of equity accounted investees	-	7,424	10,476	17,900	-	7,245
Carrying amount of equity accounted investees	**8**	**18,965**	**23,000**	**41,973**	**7**	**19,383**
Revenues	1,998	34,794	16,227	53,019	1,563	26,394
Depreciation and amortisation	7	(28)	1,100	1,079	(5)	(33)
Interest expense	-	24	-	24	-	26
Net profit before tax	**12**	**24,861**	**1,830**	**26,703**	**24**	**14,572**
Tax expense	6	19	(543)	(518)	8	(11)
Net profit/(loss) after tax	**6**	**24,879**	**1,287**	**26,172**	**16**	**14,564**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**6**	**24,879**	**1,287**	**26,172**	**16**	**14,564**
Group's share of net profit after tax	**1**	**5,072**	**10**	**5,083**	**2**	**3,293**
Group's share of total comprehensive income	**1**	**5,072**	**10**	**5,083**	**2**	**3,293**
Group's share of dividends/distributions	**-**	**9,551**	**-**	**9,551**	**-**	**2,752**

** Net assets adjusted by $4.4m retentions already paid into PF Olsen Group Holdings but not released to PF Olsen*

The following tables summarise the financial information of Northport Limited, PrimePort Timaru Limited and Coda Group Limited Partnership and the combined value of other Joint Venture Equity Accounted Investees as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

Summarised financial information of equity accounted investees - Joint Ventures

2022	**Northport Limited**	**Coda Group Limited Partnership**	**Prime Port Timaru**	**Other equity accounted investees**	**Total**
	NZ $000	NZ $000	NZ $000	NZ $000	NZ $000
Cash and cash equivalents	299	9,842	1,671	2,891	14,703
Total current assets	5,934	38,021	5,214	8,068	55,918
Total non current assets	225,781	78,537	140,878	59,213	504,409
Total assets	**231,615**	**116,558**	**146,092**	**67,281**	**561,546**
Current financial liabilities excluding trade and other payables and provisions	-	(10,774)	(408)	(2,890)	(14,072)
Total current liabilities	**(5,942)**	**(32,618)**	**(5,258)**	**(15,911)**	**(59,729)**
Non current financial liabilities excluding trade and other payables and provisions	(45,457)	(40,421)	(43,071)	(683)	(129,632)
Total non current liabilities	**(45,457)**	**(40,421)**	**(43,071)**	**(474)**	**(129,423)**
Total liabilities	**(51,399)**	**(73,039)**	**(48,329)**	**(16,385)**	**(189,152)**
Total net assets	**180,216**	**43,519**	**97,763**	**50,896**	**372,394**
Group's share of net assets	90,108	21,760	48,882	25,448	186,197
Goodwill acquired on acquistion of equity accounted investees	-	22,428	-	-	22,428
Carrying amount of equity accounted investees	**90,108**	**44,188**	**48,882**	**25,448**	**208,625**
Revenues	42,574	245,666	27,515	7,400	323,155
Depreciation and amortisation	(5,330)	(3,101)	(3,573)	(1,886)	(13,890)
Interest expense	(1,928)	(2,623)	(1,457)	(283)	(6,291)
Net profit before tax	**20,746**	**3,282**	**7,020**	**1,800**	**32,848**
Tax expense	(5,692)	-	(2,506)	315	(7,883)
Net profit after tax	**15,054**	**3,282**	**4,514**	**2,126**	**24,976**
Other comprehensive income	25,570	-	3,884	-	29,454
Total comprehensive income	**40,624**	**3,282**	**8,398**	**2,126**	**54,430**
Group's share of net profit after tax	**7,527**	**1,641**	**2,257**	**1,063**	**12,448**
Group's share of total comprehensive income	**20,312**	**1,641**	**4,199**	**1,063**	**27,215**
Group's share of dividends/distributions	**9,513**	**-**	**1,250**	**-**	**10,763**

Tax Treatment of Limited Partnerships

Coda Group Limited Partnership and Ruakura Inland Port Limited Partnership are treated as a partnerships for tax purposes and is not taxed at the partnership level. 50% of the income and expenses flow through the limited partnership to the Port of Tauranga Limited who is then taxed.

Judgements

Bay of Plenty Regional Council

As at 30 June 2022 Bay of Plenty Regional Council had either appointed a director to the board or was entitled to appoint a director to the board of its associates. The entitlement to appoint a director and appointment of a director permits Council to participate in the financial and operating policy decisions of the companies. Despite holding less than 20% of the voting rights of the entities, an entitlement and appointment of a director is considered "significant influence" and allows the accounting for each investment as an equity accounted investee.

Quayside Holdings Limited

As at 30 June 2022 the Parent had either appointed a director to the board or was entitled to appoint a director to the board of its associates. The entitlement to appoint a director and appointment of a director permits Quayside Holdings to participate in the financial and operating policy decisions of the companies. Despite holding less than 20% of the voting rights of the entities, an entitlement and appointment of a director is considered "significant influence" and allows the accounting for each investment as an equity accounted investee.

Quayside Management has reviewed each of these investments in associates and joint ventures for indicators of impairment, including considering the impact of the COVID-19 pandemic. The investments in equity accounted investee were tested for impairment at 30 June 2022 based upon the fair value of the investment.

Port of Tauranga Group has joint control over its investees, due to the existence of contractual agreements which require the unanimous consent of the parties sharing control over relevant business activities.

Impairment indicators for the Port of Tauranga's investment in Coda Group Limited Partnership were reviewed at 30 June 2022 and confirmed that no adjustment was required.

Policies

The Group's interests in Equity Accounted Investees comprise interests in associates and joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates, are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies.

Equity Accounted Investees are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of Equity Accounted Investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In respect of Equity Accounted Investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.

23 Trade and other payables

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Current				
Trade payables	5,312	44,138	7,157	16,943
Accrued expenses	7,021	9,063	7,436	35,544
Payables to equity accounted investees and related parties	-	-	-	1,103
Income in advance	1,195	4,478	1,321	1,483
Total trade and other payables	**13,528**	**57,679**	**15,913**	**55,072**
Non current				
Trade payables	6,569	6,569	6,503	6,503
Total trade and other payables	**20,097**	**64,248**	**22,417**	**61,576**

Policies

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

Payables - current and non-current

Council only	Council 2021/22 $000	Council 2020/21 $000
Total current payables comprise:		
Payables and deferred revenue under non-exchange transactions - this includes grants payable	-	-
Payables and deferred revenue under exchange transactions - this includes trade payables, income in advance and accruals	13,528	15,913
Total current payables	**13,528**	**15,913**
Total non-current payables comprise:		
Payables and deferred revenue under exchange transactions - this includes trade payables, income in advance and accruals	6,569	6,503
Total non-current payables	**6,569**	**6,503**

24 Deferred taxation

The Council has no deferred taxation. This note is for the Group only.

	Assets		Liabilities		Net	
Group	**2021/22** $000	**2020/21** $000	**2021/22** $000	**2020/21** $000	**2021/22** $000	**2020/21** $000
Deferred tax (asset)/liability						
Tax Losses	(1,219)	(858)	-	-	(1,219)	(858)
Biological assets	-	-	-	55	-	55
Property, plant and equipment	-	-	116,273	95,490	116,273	95,490
Investment property	-	-	6,913	701	6,913	701
Intangible assets	-	-	2,053	1,903	2,053	1,903
Finance lease receivables	-	-	-	-	-	-
Derivatives	-	(4,182)	3,420	-	3,420	(4,182)
Provisions and accruals	(3,037)	(3,513)	-	-	(3,037)	(3,513)
Equity accounted investees	(788)	(638)	-	-	(788)	(638)
Leases	(58)	-	-	3	(58)	3
Others	-	(143)	79	-	51	(143)
Contingent consideration	(265)	(348)	-	-	(265)	(348)
Total	**(5,367)**	**(9,680)**	**128,738**	**98,152**	**123,343**	**88,472**

	Recognised in the Statement of Financial Position on Acquisition of Subsidiary		Recognised in the Income Statement		Recognised in the Comprehensive Income	
Group	**2021/22** $000	**2020/21** $000	**2021/22** $000	**2020/21** $000	**2021/22** $000	**2020/21** $000
Tax benefit	-	-	(525)	(629)	-	-
Property, plant and equipment	-	390	(320)	(1,460)	24,539	17,935
Biological assets	-	-	-	(50)	-	-
Investment property	-	-	6,068	1,423	-	-
Intangible assets	-	757	(237)	(180)	(433)	35
Finance lease receivables	-	-	(44)	(2)	-	-
Derivatives	-	-	-	-	7,602	4,091
Provisions and accruals	-	(7)	431	(1,090)	-	-
Equity accounted investees	-	-	(150)	(213)	-	-
Contingent consideration	-	(450)	83	102	-	-
Total	-	**690**	**5,306**	**(2,098)**	**31,708**	**22,061**

Council has not recognised a deferred tax asset in relation to tax losses of $1.9 million (2021: $1.7 million). However, the deferred tax asset has been recognised at the group level.

Unrecognised tax losses or temporary differences

There are no material unrecognised temporary differences in the Group.

Policies

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

25 Employee benefit liabilities

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Current				
Accrued Pay				
Opening balance	1,767	1,767	2,687	2,687
Charged/credited to the income statement	-	-	-	-
Additional provisions	1,539	1,539	1,767	1,767
Used during year	(1,767)	(1,767)	(2,687)	(2,687)
Closing balance	**1,539**	**1,539**	**1,767**	**1,767**
Annual Leave				
Opening balance	3,234	3,234	2,971	2,971
Charged/credited to the income statement	-	-	-	-
Additional provisions	3,493	3,493	3,234	3,234
Used during year	(3,234)	(3,234)	(2,971)	(2,971)
Closing balance	**3,493**	**3,493**	**3,234**	**3,234**
Sick leave				
Opening balance	68	68	60	60
Charged/credited to the income statement	-	-	-	-
Additional provisions	79	79	68	68
Used during year	(68)	(68)	(60)	(60)
Closing balance	**79**	**79**	**68**	**68**
Long service leave				
Opening balance	177	356	172	172
Charged/credited to the income statement	-	-	-	-
Additional provisions	129	129	97	276
Used during year	(92)	(130)	(92)	(92)
Closing balance	**214**	**355**	**177**	**356**
Employee benefits - profit sharing and bonuses				
Opening balance	-	3,210	-	724
Charged/credited to the income statement	-	-	-	-
Additional provisions	-	3,426	-	2,486
Used during year	-	(3,427)	-	-
Closing balance	**-**	**3,209**	**-**	**3,210**
Total Current	**5,326**	**8,676**	**5,247**	**8,636**
Non current				
Long service leave				
Opening balance	1,206	3,133	1,011	3,122
Charged/credited to the income statement				
- Additional provisions	1,293	1,105	1,206	1,206
- Unused amounts reversed	(1,206)	(1,501)	(1,011)	(1,195)
Used during year		(96)	-	-
Closing balance	**1,293**	**2,641**	**1,206**	**3,133**
Employee benefits - profit sharing and bonuses				
Opening balance	-	317	-	1,045
Charged/credited to the income statement	-	-	-	-
Utilised during the period	-	(38)	-	(728)
Closing balance	**-**	**279**	**-**	**317**
Total non current	**1,293**	**2,920**	**1,206**	**3,450**
Total employee benefit liabilities	**6,619**	**11,596**	**6,453**	**12,086**

Long Service Leave

Council

The present value of retirement and long service leave obligations depend on a number of factors. Two key assumptions used in calculating this liability include the discount rates and the salary inflation rate. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand Government bonds. This discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns.

Subsidiary

Underlying assumptions for provisions relate to the probabilities of employees reaching the required vesting period to qualify for long service leave. Probability factors for reaching long service leave entitlements are based on historic employee retention information.

Profit sharing and bonuses

The Profit Sharing and Bonus Scheme rewards eligible employees based on a combination of company performance against budget and personal performance. The incentive is generally paid biannually.

Policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Short-term employee benefits - Employee benefits expected to be settled within 12 months after the end of period in which the employee renders the related service are measured on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Long-term employee benefits - The group grants employees certain one-off annual leave entitlements upon reaching certain long service targets. The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on New Zealand Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Presentation of employee entitlements

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes - Obligations for contributions to KiwiSaver are accounted for a defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

26 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For additional information about the group's exposure and sensitivity to interest rate risk, refer to note 38.

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Current				
Borrowings from LGFA NZ Limited	70,400	70,400	75,900	75,900
Westpac borrowings	-	-	-	15,106
Commercial papers	-		-	220,000
Fixed Rate Bond	-	-	-	-
Standby revolving cash advance facility	-	125,000	-	50,000
	70,400	**195,400**	**75,900**	**361,006**
Non current				
Borrowings from LGFA NZ Limited	122,130	122,130	105,000	105,000
Westpac borrowings	-	17,425	-	-
Fixed Rate Bond	-	192,472	-	100,000
Standby revolving cash advance facility	-	125,000	-	115,000
Advances from employees	-	-	-	-
Perpetual Preference Share Quayside Holdings Limited	-	194,885	-	194,885
	122,130	**651,912**	**105,000**	**514,885**
Total borrowings	**192,530**	**847,312**	**180,900**	**875,891**

Term and debt repayment schedule

Council **2022**	Maturity	Coupon	Committed Facilities NZ$000	Undrawn Facilities NZ$000	Fairvalue Adjustment NZ$000	Carrying Value NZ$000
Non current						
LGFA NZ Ltd Borrowing	2024	3.80%	25,000	-	-	25,000
LGFA NZ Ltd Borrowing	2024	1.87%	10,000	-	-	10,000
LGFA NZ Ltd Borrowing	2025	2.47%	15,000	-	-	15,000
LGFA NZ Ltd Borrowing	2026	1.74%	20,000			20,000
LGFA NZ Ltd Borrowing	2027	1.90%	25,000	-	-	25,000
LGFA NZ Ltd Borrowing	2029	2.96%	5,130			5,130
LGFA NZ Ltd Borrowing	2029	4.35%	22,000			22,000
Total non current			122,130	-	-	122,130
Current						
LGFA NZ Ltd Borrowing	2022	1.38%	25,000			25,000
LGFA NZ Ltd Borrowing	2022	1.38%	400			400
LGFA NZ Ltd Borrowing	2023	2.15%	15,000			15,000
LGFA NZ Ltd Borrowing	2023	0.76%	30,000			30,000
Total current			70,400	-	-	70,400
Total			**192,530**	-	-	**192,530**

Subsidiary **2022**	Maturity	Coupon	Committed Facilities NZ$000	Undrawn Facilities NZ$000	Fairvalue Adjustment NZ$000	Carrying Value NZ$000
Non current						
Fixed rate bond	2028	3.55%	100,000		(7,528)	92,472
Standby revolving cash advance facility	2026	Floating	130,000	130,000		-
Fixed rate bond	2025	1.02%	100,000			100,000
Standby revolving cash advance facility	2025	Floating	100,000	75,000		25,000
Standby revolving cash advance facility	2024	Floating	100,000			100,000
Standby revolving cash advance facility	2023	Floating	50,000	50,000		-
Westpac borrowings	2023	Floating	75,000	57,575		17,425
Bay of Plenty Regional Council	2024	Floating	50,000	400		49,600
Bay of Plenty Regional Council	2033	Floating	100,000	94,998		5,002
Total non current			805,000	407,973	(7,528)	389,499
Current						
Multi option facilitiy	2021	Floatiing	5,000	5,000		-
Commercial papers	<3 months	Floatiing	-	-		125,000
Total current			5,000	5,000		125,000
Total			**810,000**	**412,973**		**514,499**

Council			Committed Facilities	Undrawn Facilities	Carrying Value
2021	**Maturity**	**Coupon**	NZ$000	NZ$000	NZ$000
Non current					
LGFA NZ Ltd Borrowing	2023	0.76%	30,000	-	30,000
LGFA NZ Ltd Borrowing	2023	2.15%	15,000	-	15,000
LGFA NZ Ltd Borrowing	2025	2.47%	15,000	-	15,000
LGFA NZ Ltd Borrowing	2026	1.74%	20,000		20,000
LGFA NZ Ltd Borrowing	2027	1.91%	25,000	-	25,000
Total non current			105,000	-	105,000
Current					
LGFA NZ Ltd Borrowing	2021	0.58%	10,000		10,000
LGFA NZ Ltd Borrowing	2021	0.53%	25,400		25,400
LGFA NZ Ltd Borrowing	2022	1.01%	25,000		25,000
LGFA NZ Ltd Borrowing	2022	1.69%	15,500		15,500
Total current			75,900	-	75,900
Total			**180,900**	-	**180,900**

Subsidiary			Committed Facilities	Undrawn Facilities	Carrying Value
2021	**Maturity**	**Coupon**	NZ$000	NZ$000	NZ$000
Non current					
Fixed rate bond	2025	1.02%	100,000		100,000
Standby revolving cash advance facility	2023	Floating	100,000		100,000
Standby revolving cash advance facility	2022	Floating	200,000	185,000	15,000
Standby revolving cash advance facility	2021	Floating	130,000	130,000	-
Total non current			530,000	315,000	215,000
Current					
Standby revolving cash advance facility	2022	Floating	50,000	-	50,000
Multi option facilitiy	2021	Floating	5,000	5,000	-
Commercial papers	<3 months	Floating	-	-	220,000
Westpac borrowings	2021	Floating	55,000	39,894	15,106
Bay of Plenty Regional Council	2022	Floating	50,000	400	49,600
Total current			160,000	45,294	334,706
Total			**690,000**	**360,294**	**549,706**

LGFA NZ Borrowings

Council has a number of financing arrangements with the LGFA, totalling $192.5 million (2021: $180.9). The facilities all provide borrowing for a specific purpose, including capital expenditure, and $50.0 million for on-lending to Quayside Holdings Limited. Borrowed funds for capital expenditure were subsequently re-invested in term deposits to align with future cash flows. In October 2018, Council borrowed from the LGFA, which then provided the ability to enter a $50 million financing arrangement with Quayside Holdings Limited. This facility expires on 30 June 2033.

In December 2021, Council entered into a $100 million facility arrangement with Quayside Holdings Limited. This facility expires on 30 June 2033.

Council's debt to revenue ratio at year end was -4 percent, this is within the limit of 300 percent.

Westpac Banking Corporation

Quayside Holdings Limited has a $75.0 million (2021: $55.0 million) financing arrangement with Westpac Banking Corporation. This facility is secured by a mortgage over shares held in the Port of Tauranga Limited, and provides direct borrowings for the Quayside Group. The facility is for a term of 2 years expiring 30 November 2023, hence for the year ended 30 June 2022 has been classified as current.

Fixed rate bonds

The Port of Tauranga has issued two $100 million fixed rate bonds, a five-year bond with final maturity on 29 September 2025 and a seven-year bond with a final maturity on 24 November 2028.

Commercial papers

Commercial papers are secured, short term discounted debt instruments issued by the Port of Tauranga Limited for funding requirements as a component of its banking arrangements. The commercial paper programme is fully backed by committed term bank facilities. At 30 June 2022 the Port of Tauranga Group had $125 million of commercial paper debt that is classified within current liabilities (2021: $220 million). Due to this classification, the Port of Tauranga Group’s current liabilities exceed the Port of Tauranga Group’s current assets. Despite this fact, the Port of Tauranga Group does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.

Standby revolving cash advance facility agreement

The Port of Tauranga Limited has a $380 million financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, New Zealand Branch and MUFG Bank, Ltd, Auckland Branch (2021: $480 million). The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

Multi option facility

The Port of Tauranga has a $5 million multi option facility with Bank of New Zealand Limited, used for short term working capital requirements (2021: $5 million).

Security

Bank facilities and fixed rate bonds are secured by way of a security interest over certain floating plant assets ($15.289 million, 2021: $15.965 million), mortgages over the land and building assets ($1,610.341 million, 2021: $1,073.498 million), and by a general security agreement over the assets of the Port of Tauranga ($2,600.187 million, 2021: $1,956.214 million).

Covenants

The Port of Tauranga Limited borrows under a negative pledge arrangement, which with limited circumstances does not permit it to grant any security interest over its assets. The negative pledge deed requires the Port of Tauranga Limited to maintain certain levels of shareholders' funds and operate within defined performance and debt gearing ratios. The Group has complied with all covenants during the reporting periods.

Fair Values

The fair value of fixed rate loans and borrowings is calculated by discounting the future contractual cash flows at current market interest rates that are available for similar financial instruments. The amortised cost of variable rate loans and borrowings is assumed to closely approximate fair value as debt facilities are repriced every 90 days.

Interest rates

The weighted average interest rate of interest bearing loans was 2.92% at 30 June 2022 (2021:2.28%) for the Quayside Group.

Policies

Loans and borrowings are recognised at fair value, plus any directly attributable transaction costs, if the Group becomes a party to the contractual provisions of the instrument. Loans and borrowings are derecognised if the Group's obligations as specified in the contract expire or are discharged or cancelled.

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method, less any impairment losses.

Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

27 Retained earnings

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 Restated $000	Group 2020/21 Restated $000
Retained Earnings				
Balance at 1 July	216,926	475,825	194,706	378,311
Adjustment to accumulated surplus/deficit from accounting policy change PBE IPSAS 31	-	-	(131)	(131)
Restated balance 1 July	**216,926**	**475,825**	**194,575**	**378,180**
Profit Share	(9,994)	25,739	6,295	82,413
Dividends/Distributions paid	-	(3,542)	-	(3,542)
Shares issued upon vesting of management LTI plan	-	126	-	123
Non controlling interest adjustments	-	(13)	-	25
Retained earnings adjustment	-	506	-	-
Increase/(decrease) in share capital	-	(20)	-	403
Shares, previously subject to call option, issued	-	-	-	2,168
Transfers from:				
Restricted reserve - disaster	-	-	659	659
Asset replacement reserve	-	-	30,000	30,000
Infrastructure fund reserve	-	-	9,535	9,535
Regional project fund	12,663	12,663	1,381	1,381
Environmental enhancement fund	-	-	175	175
Equalisation fund reserve	25,251	25,251	9,692	9,692
Current account reserve	7,492	7,492	2,401	2,401
Rotorua Lakes restoration reserve	2,459	2,459	1,851	1,851
Transfers to:				
Restricted reserve - disaster	(1,018)	(1,018)	(995)	(995)
Asset replacement reserve	(7,911)	(7,911)	(26,745)	(26,745)
Regional project fund	(6,317)	(6,317)	(5,020)	(5,020)
Toi Moana Reserve	-	-	-	-
Environmental enhancement fund	(147)	(147)	(160)	(160)
Equalisation fund reserve	(24,572)	(24,572)	(3,965)	(3,965)
Current account reserve	(8,553)	(8,553)	(2,027)	(2,027)
Rotorua Lakes restoration reserve	(48)	(48)	(724)	(724)
Kaituna River authority	(5)	(5)	(2)	(2)
Kaituna NZTA Reserve	-	-	-	-
Kaituna River Remediation	-	-	-	-
	206,228	**497,914**	**216,926**	**475,825**

Redeemable preference shares

On or about 28 July 1991, capital of nine thousand (9,000) redeemable preference shares of $1 each (issued at a premium of $9,999 per share) were issued to Bay of Plenty Regional Council by its subsidiary, Quayside Holdings Limited. On the same day the Council subscribed $0.01 each for these 9,000 redeemable preference shares (total paid $90). As at 30 June 2007, 817 shares had been fully repaid.

On 31 January 2008 the Redeemable Preference Shares were subdivided at a ratio of 1:244,799. Accordingly, the 817 fully paid Redeemable Preference Shares were split and reclassified into 200,000,783 Perpetual Preference Shares. The 8,183 Redeemable Preference Shares (paid to one cent) were split into 2003,190,217 Redeemable Preference Shares (paid to 0.000004cents).

The redeemable preference shares have no voting rights. The constitution provides that dividends are payable on these shares from time to time and in such amount as determined by the directors of Quayside Holdings Limited. The Redeemable Preference Shares have no fixed maturity date but are redeemable 60 days after a request from the holder.

The unpaid issue price can be called by the Board of Directors of Quayside Holdings Limited in a general meeting. As at 30 June 2022, the amount uncalled is $81.8 million (2021: $81.8 million). Quayside Holdings Limited has no current intention of making a call on the uncalled Redeemable Preference Shares.

Perpetual preference shares

Quayside Holdings Limited issued a registered prospectus in which the Council offered 200,000,000 Perpetual Preference Shares in Quayside Holdings Limited to the public at $1 per share. On 12 March 2008, 200,000,000 Perpetual Preference Shares were transferred to the successful applicants for Perpetual Preference Shares under the prospectus. The Council retained 783 Perpetual Preference Shares.

The proceeds from the sale of the Perpetual Preference Shares are fully allocated to infrastructure projects in the Bay of Plenty. Funds which are allocated but not due to be paid immediately are invested in term deposits, bonds and other fixed and floating rate notes.

28 Other reserves

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Asset revaluation reserve				
Opening balance	214,276	908,586	199,327	797,767
Impact of correction of errors	-	-	-	-
Opening balance - restated				
Revaluation - land and buildings	-	-	9,591	9,591
Revaluation - Maritime and Lakes	-	-	3,020	3,020
Revaluation - infrastructure assets	9,553	9,553	2,338	2,338
Revaluation - Port assets	-	342,703	-	86,530
Net change in share of equity accounted revaluation reserve	-	7,601	-	6,628
Bearer plant revaluation	-	(4,136)	-	1,694
Kiwifruit licence revaluation	-	1,115	-	1,018
Closing balance	**223,829**	**1,265,422**	**214,276**	**908,586**
Financial assets reserve				
Opening balance	5,256	5,256	1,577	4,329
Fair value gains	816	816	3,679	927
Reclassification to surplus or deficit on disposal	-	-	-	-
Closing balance	**6,072**	**6,072**	**5,256**	**5,256**
Hedging cash flow reserve				
Opening balance	-	(6,165)	-	(12,205)
Net effective portion of changes in fair value of cashflow hedges, net of tax	-	8,314	-	3,628
Net change in fair value of cashflow hedges transferred to profit or loss, net of tax	-	2,402	-	2,140
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	473	-	272
Closing balance	**-**	**5,024**	**-**	**(6,165)**
Total asset revaluation reserves	**229,901**	**1,276,518**	**219,531**	**907,677**

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Asset replacement reserve				
Opening balance	21,864	21,864	25,118	25,118
Transfers from:				
Retained Earnings	7,911	7,911	26,745	26,745
Transfers to:				
Retained Earnings	-	-	(30,000)	(30,000)
Closing balance	**29,774**	**29,774**	**21,864**	**21,864**
Total asset replacement reserves	**29,774**	**29,774**	**21,864**	**21,864**
Equalisation fund reserve				
Opening balance	(896)	(896)	4,831	4,831
Transfers from:				
Retained earnings	24,572	24,572	3,965	3,965
Regional Fund	2,257	2,257	-	-
Transfers to:				
Retained earnings	(25,251)	(25,251)	(9,692)	(9,692)
Closing balance	**683**	**683**	**(896)**	**(896)**
Regional project fund reserve				
Opening balance	36,344	36,344	32,706	32,706
Transfer from:				
Retained earnings	6,317	6,317	5,020	5,020
Transfer to:				
Retained earnings	(12,663)	(12,663)	(1,382)	(1,382)
Equalisation	(2,257)	(2,257)	-	-
Closing balance	**27,741**	**27,741**	**36,344**	**36,344**
Toi Moana reserve				
Opening balance	45,000	45,000	45,000	45,000
Transfer from:				
Regional Fund	-	-	-	-
Transfer to:				
Retained earnings	-	-	-	-
Closing balance	**45,000**	**45,000**	**45,000**	**45,000**
Total general reserves	**73,424**	**73,424**	**80,449**	**80,449**

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Rates current accounts				
Opening balance	6,292	9,292	6,666	6,666
Transfer from:				
Retained earnings	8,553	8,553	2,027	2,027
Transfer to:				
Retained earnings	(7,492)	(7,492)	(2,401)	(2,401)
Closing balance	**7,353**	**7,353**	**6,272**	**9,272**
Total targeted rates reserves	**7,353**	**7,353**	**6,272**	**6,272**
Environmental enhancement fund				
Opening balance	260	260	274	274
Transfers from:				
Retained Earnings	147	147	160	160
Transfers to:				
Retained Earnings	(1)	(1)	(176)	(176)
Closing balance	**406**	**406**	**260**	**260**
Disaster reserve				
Opening balance	2,599	2,599	2,263	2,263
Transfers from:				
Retained earnings	1,018	1,018	995	995
Transfers to:				
Retained earnings	-	-	(659)	(659)
Closing balance	**3,617**	**3,617**	**2,599**	**2,599**
Rotorua Lakes deed funding reserve				
Opening balance	3,049	3,049	4,176	4,176
Transfer from:				
Retained earnings	48	48	724	724
Current account reserve	-	-	-	-
Transfer to:				
Retained earnings	(2,459)	(2,459)	(1,851)	(1,851)
Closing balance	**638**	**638**	**3,049**	**3,049**
Kaituna NZTA reserve				
Opening balance	604	604	604	604
Transfer from:				
Retained earnings	-	-	-	-
Current account reserve	-	-	-	-
Transfer to:				
Retained earnings	-	-	-	-
Closing balance	**604**	**604**	**604**	**604**

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
CDEM Group reserve				
Opening balance	888	888	888	888
Transfers from:				
Retained earnings	-	-	-	-
Transfers to:				
Retained earnings	-	-	-	-
Closing balance	**888**	**888**	**888**	**888**
Kaituna River authority reserve				
Opening balance	190	190	188	188
Transfers from:				
Retained earnings	5	5	2	2
Transfers to:				
Retained earnings	-	-	-	-
Closing balance	**195**	**195**	**190**	**190**
Kaituna River remediation				
Opening balance	491	491	491	491
Transfers from:				
Retained earnings	-	-	-	-
Transfers to:	-	-	-	-
Retained earnings	-	-	-	-
Closing balance	**491**	**491**	**491**	**491**
Total restricted reserves	**6,839**	**6,840**	**8,081**	**8,082**
Total reserves	**347,291**	**1,393,909**	**336,218**	**1,024,361**

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

The group holds the following reserves. All reserves are cash reserves except for the asset revaluation reserve and financial asset reserve.

Equalisation reserve

This reserve is used to record surpluses from all general funded activities.

Asset revaluation reserve

This reserve is used by Council to reflect the net increase in the fair value of Property and Infrastructure assets. This is a non cash reserve and is available for use by any activity that controls infrastructure, maritime or property assets.

The subsidiary's revaluation reserve relates to the revaluation of land, buildings, wharves and hardstanding, harbour improvements, bearer plants and kiwifruit licences.

Asset replacement reserve

This is a reserve fund for asset replacement. Contributions to the reserve are from depreciation funding. Funds from the reserve are used for the purchase of replacement assets, and transfers to the Regional Fund. This reserve is used by all activities.

Environmental enhancement fund

This reserve was established to support local projects that aim to enhance, preserve or protect the region's natural or historic character. Transfers to and from this reserve are approved by Council resolution. This reserve funds the Environmental Enhancement Programme in the Kotahitanga/Strategy Engagement Activity.

Flood and disaster reserves

This reserve holds funds accumulated for the purpose of contributing to flood damage or disaster events incurred by any of the five major river and/or drainage schemes.

Contributions to this reserve are from interest earned by the funds. There is a specific bank account for these funds. Withdrawals from this account are approved by Council resolution.

This reserve is used by the Rivers, Drainage and Flood Management Activity.

Infrastructure fund reserve

This reserve is used to fund infrastructure projects that benefit the wider regional community. It was established with the proceeds of the perpetual preference share issue. Use of this reserve must comply with the Inland Revenue Department Binding Ruling. It is available for use by any activity that has infrastructure projects that meet this criteria.

Regional fund reserve

This reserve is used to fund future infrastructure projects. It is replenished through budgeted contributions from activities, and is available for use by all activities.

Toi Moana reserve

This reserve is used to provide optimised long term investment returns without the restraint of liquidity requirements. This reserve is used by the Treasury programme within Corporate Activity.

Rates current accounts

The purpose of this reserve is to record the under or over-recovery of targeted rates carried forward to fund activities in future years. This is used by all activities that have targeted rates including Rotorua Lakes, Rotorua Air Quality, Passenger Transport, and Rivers, Drainage and Flood Management.

Rotorua Lakes restoration reserve

This reserve records the accumulation of funds available to finance deed funded lakes projects. This reserve holds all deed funded surpluses from Central Government (MfE) and the Council (general and targeted rate) funding allocated to match MfE funds. This reserve is used by the Rotorua Lakes Activity.

Financial assets reserve

This reserve reflects the net change in fair value of financial assets available for sale during the year. This is a non-cash reserve. It is used by the Treasury programme within the Corporate Activity and by the subsidiary.

Hedging reserve

The group's hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. This reserve is used by the subsidiary.

CDEM Group reserve

This reserve records the accumulation of funds available to finance Civil Defence Emergency Management group related projects. This reserve holds all the group funded surpluses from the Territorial Authorities and the Regional Council funding. This reserve funds expenditure within the Emergency Management Activity.

Kaituna River Authority reserve

This reserve holds accumulated funds received from the Ministry for the Environment on behalf of the Kaituna River Authority.

Share Based Payment Reserve – Container Volume Commitment Agreement

On 1 August 2014 the Port of Tauranga Limited issued 2,000,000 shares as a volume rebate to Kotahi Logistics Limited Partnership ("Kotahi") as part of a 10 year freight alliance. Due to the Port of Tauranga Limited completing a 5:1 share split on 17 October 2016, the number of shares originally issued to Kotahi increased to 10,000,000. Of these shares, 8,500,000 are subject to a call option allowing the Port of Tauranga Limited to "call" shares back at zero cost if Kotahi fails to meet the volume commitments.

The increase in the reserve of $1.5m (2021: $2.2m) recognises the shares earned based on containers delivered during the period.

Equity Settled Share Based Payments

The grant-date fair value of equity settled share based payments is recognised as a rebate against revenue, with a corresponding increase in equity, over the vesting period. The amount recognised as a rebate is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. As at 30 June 2022 the balance of the equity settled share-based payment reserve was $3.7m (2021: $1.6m). This amount is recorded in the Statement of Changes in Equity under the column 'Non controlling interest'.

Share Based Payment Reserve – Management Long Term Incentive

Share rights are granted to employees in accordance with the Port of Tauranga Limited's Management Long Term Incentive Plan. The fair value of share rights granted under the plan are measured at grant date and recognised as an employee expense over the vesting period with a corresponding increase in equity. The fair value at grant date of the share rights are independently determined using an appropriate valuation model that takes into account the terms and conditions upon which they were granted.

This reserve is used to record the accumulated value of the unvested shares rights, which have been recognised as an expense in the income statement. Upon the vesting of share rights, the balance of the reserve relating to the share rights is offset against the cost of treasury stock allotted to settle the obligation, with any difference in the cost of settling the commitment transferred to retained earnings.

Employee Share Ownership Plan

The Port of Tauranga Limited has an Employee Share Ownership Plan (ESOP). During the year no shares were issued to employees from Port of Tauranga Trustee Company Limited as part of the Employee Share Ownership Plan (2021: nil).

Non controlling interest

Non controlling interest of 45.86% (2021: 45.86%) is the existing share of Port of Tauranga Limited's consolidated equity which is not owned by Quayside Group. A change in non controlling interest in prior years arose from Port of Tauranga Limited's freight alliance with Kotahi involving the issue of ordinary shares to Kotahi, subject to meeting certain freight volume commitments over a 10 year period.

29 Management long term incentive plan

Members of the Port of Tauranga Group's executive management team participate in an equity settled long term incentive (LTI) plan. Under this LTI plan, share rights are issued to participating executives and have a three year vesting period. The vesting of share rights, which entitles the executive to the receipt of one Port of Tauranga Limited ordinary share at nil cost, is subject to the executive remaining employed by Port of Tauranga Limited during the vesting period and the achievement of certain earnings per share (EPS) and total shareholder return (TSR) targets. For EPS share rights granted, the proportion of share rights that vest depends on the Port of Tauranga Group achieving EPS growth targets. For TSR share rights granted, the proportion of share rights that vests depends on the Port of Tauranga Group's TSR performance ranking relative to the NZX50 index less Australian listed stocks. To the extent that performance hurdles are not met or executives leave Port of Tauranga Limited prior to vesting, the share rights are forfeited. The share based payment expense relating to the LTI plan for the year ended 30 June 2022 is -$0.6 million (2021: $0.1 million) with a corresponding increase in the share based payments reserve.

Number of share rights issued to executives

Grant Date	Scheme End Date	Right Type	Balance at 30 June 2021	Granted During the Year	Vested During the Year	Forfeited During the Year	Balance at 30 June 2022
July 2018	30 June 2021	EPS	108,500	-	- 41,660	- 66,840	-
July 2018	30 June 2021	TSR	90,417	-	- 37,071	- 53,346	-
July 2019	30 June 2022	EPS	90,058	-	-	-	90,058
July 2019	30 June 2022	TSR	75,050	-	-	-	75,050
July 2020	30 June 2023	EPS	88,409	-	-	-	88,409
July 2020	30 June 2023	TSR	73,674	-	-	-	73,674
July 2020	30 June 2023	EPS	-	79,203	-	-	79,203
July 2020	30 June 2023	TSR	-	66,003	-	-	66,003
Total LTI Plan			**526,108**	**145,206**	**- 78,731**	**-120,186**	**472,397**

Fair value of share rights granted

Share rights are valued as zero cost in-substance options at the day at which they are granted, using the Black-Scholes-Merton model. The following table lists the key inputs into the valuation.

Grant Date	Scheme End Date	Right Type	Grant Date Share Price	Risk Free Interest Rate	Expected Volatility of Share Price	Valuation per Share Right
			$	%	%	$
1 July 2019	30 June 2022	EPS	6.28	0.80	17.60	6.02
1 July 2019	30 June 2022	TSR	6.28	0.80	17.60	2.72
1 July 2020	30 June 2023	EPS	7.59	0.00	25.00	7.03
1 July 2020	30 June 2023	TSR	7.59	0.00	25.00	3.01
1 July 2021	30 June 2024	EPS	7.00	1.38	25.90	6.88
1 July 2021	30 June 2024	TSR	7.00	1.38	25.90	4.19

PAYE liability

Upon vesting of share rights, the Port of Tauranga funds the PAYE liability and issues the net amount of shares to executives.

Policies

The Group provides benefits to the Port of Tauranga Limited's Executive Management Team in the form of share based payment transactions, whereby executives render services in exchange for rights over shares (equity settled transactions) or cash settlements based on the price of the Port of Tauranga Limited's shares (cash settled transactions). The cost of the transactions is spread over the period in which the employees provide services and become entitled to the awards.

Equity Settled Transactions - The cost of the equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the income statement, together with a corresponding increase in the share based payment reserve in equity.

30 Commitments

Capital commitments

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Capital commitments contracted for at balance date but not yet provided for	2,793	34,993	4,731	34,131
	2,793	**34,993**	**4,731**	**34,131**

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

The Council leases land, buildings, plant and equipment in the normal course of its business. The leases have varying term and renewal rights.

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Not later than one year	536	536	583	583
Later than one year and not later than five years	1,486	1,486	1,694	1,694
Later than five years	1,826	1,826	2,328	2,328
Total non-cancellable operating leases	**3,848**	**3,848**	**4,605**	**4,605**

The majority of leases can be renewed at the Council and group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council and group does not have an option to purchase the assets at the end of the lease term. There are no restrictions placed on the Council and group by any leasing arrangement.

Operating leases as lessor

Included in the financial statements are land and buildings leased to customers under operating leases.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the company may obtain bank guarantees for the term of the lease. Although the company is exposed to changes in the residual value at the end of the current leases, the company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Not later than one year	194	25,992	187	18,813
Later than one year and not later than five years	531	57,897	95	46,509
Later than five years	477	30,084	-	35,359
Total non-cancellable operating leases	**1,202**	**113,973**	**283**	**100,682**

Policies

Where the group is the lessee - Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Payments made under finance leases are allocated between the liability and finance charges, using the effective interest method, so as to achieve a constant periodic rate of interest on the finance balance outstanding. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Where the group is the lessor - When assets are leased under a finance lease, where the lessee effectively receives substantially all the risks and benefits of ownership of the leased items, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Assets leased under operating leases are included in investment property or property, plant and equipment in the statement of financial position as appropriate.

Payments and receivables received under operating leases are recognised in the Statement of comprehensive revenue and expense on a straight line basis over the term of the lease.

31 Contingencies

Contingent liabilities

Financial guarantee - New Zealand Local Government Funding Agency

The Bay of Plenty Regional Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 2 March 2022.

As at 30 June 2022, the Bay of Plenty Regional Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. The New Zealand Government also has a 11.11% shareholding in the LGFA. It has uncalled capital of $1.0 million. When aggregated with the uncalled capital of other shareholders, $20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2022, the LGFA had borrowings totalling $15.8 billion (2021: $13.610 billion).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Uncalled capital

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

Legal proceedings

At 30 June 2022 there were no contingent liabilities.

Subsidiary

Refer to the Capital Commitments section of note 17 for details on the construction contingency the Port of Tauranga may be required to fund in relation to Ruakura Inland Port LP.

32 Related party transactions

Bay of Plenty Regional Council is the parent of the Group and controls Quayside Holdings Limited and its subsidiaries, Quayside Properties Limited, Quayside Securities Limited, Quayside Investment Trust, Aqua Curo Limited, Quayside Barnett Place Limited, Quayside The Vault Limited, Quayside Portside Drive Limited, Quayside Mystery Valley Limited, Quayside Tauriko Limited and Quayside Unit Trust. Through the shareholding in Quayside Securities Limited as Trustee for Quayside Unit Trust, a controlling interest is held in the Port of Tauranga (POTL) and its subsidiaries and equity accounted investees.

Related party transactions with subsidiaries and equity accounted investees:

Transactions with Related Parties:	**2021/22** $000	**2020/21** $000
Bay of Plenty Regional Council		
Services provided to Quayside Properties Limited	-	13
Interest paid by Quayside Holdings Limited	963	611
Interest payable by Quayside Holdings Limited	45	45
Dividends paid by Quayside Holdings Limited	40,000	33,100
Loan payable by Quayside Holdings Limited	54,602	49,600
Subvention payment payable by Quayside Properties Limited	-	828
Toi Moana Trust		
Fund management fee payable to Quayside Holdings Limited	53	56
Trustee fees paid to Quayside Securities Limited	61	61
Dividend paid to Bay of Plenty Regional Council	4,500	2,250
Transactions with Equity Accounted Investees - Quayside Group		
Services provided by Quayside Holdings Limited	50	104
Interest charged by Quayside Holdings Limited	2,226	26
Interest receivable by Quayside Holdings Limited	46	-
Capital contributions by Quayside Properties Limited	-	500
Loan payable to Quayside Properties Limited	303	500
Interest charged by Quayside Properties Limited	32	14
Interest payable to Quayside Properties Limited	32	28
Transactions with Equity Accounted Investees - Port of Tauranga Group		
Services provided to Port of Tauranga Limited	521	754
Services provided by Port of Tauranga Limited	4,071	4,348
Accounts receivable by Port of Tauranga Limited	165	154
Accounts payable by Port of Tauranga Limited	49	14
Advances by Port of Tauranga Limited	1,400	1,400
Services provided to Quality Marshalling (Mount Maunganui) Limited	1	25
Services provided by Quality Marshalling (Mount Maunganui) Limited	703	2,045
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	21	158
Accounts payable by Quality Marshalling (Mount Maunganui) Limited	-	2
Services provided to Timaru Container Terminal Limited	3,050	2,701
Services provided by Timaru Container Terminal Limited	337	1
Accounts receivable by Timaru Container Terminal Limited	140	259
Accounts payable by Timaru Container Terminal Limited	180	-

Share capital

The holders of the ordinary shares are entitled to dividends as declared from time to time and all shares have equal voting rights at meetings of the Parent, and rank equally with regard to the Parent's residual assets on wind up. The shares were issued for $1 and are fully paid up.

Perpetual preference shares

Quayside Holdings Limited issued a registered prospectus in which Council offered 200,000,000 Perpetual Preference shares in Quayside Holdings Limited to the public at $1 per share. On 12 March 2008, 200,000,000 Perpetual Preference Shares were transferred to the successful applicants for Perpetual Preference Shares under the prospectus. The proceeds from the sale of shares are available to the Council to invest in infrastructure projects in the Bay of Plenty region.

The Perpetual Preference Shares have no fixed term and are not redeemable. Holders of Perpetual Preference Shares are entitled to receive Dividends which are fully imputed (or "grossed up" to the extent they are not fully imputed), quarterly in arrears. These dividends are at the discretion of the board of directors. On a liquidation of Quayside Holdings, the Holder of a Perpetual Preference Share will be entitled to receive the Liquidation Preference in priority to the holders of its Uncalled Capital, its Ordinary Shares, its Redeemable Preference Shares and any other shares ranking behind the Perpetual Preference Shares.

Holders of Perpetual Preference Shares will not be entitled to receive notice of, attend, vote or speak at any meetings of Quayside Holdings (or its shareholders), but will be entitled to attend any meetings of, and vote on any resolutions of Holders (for example, in relation to exercise of the Put Option, or as required by the Companies Act in relation to any action affecting the rights attached to Perpetual Preference Shares held by members of any "interest group" of Holders).

The Council may, at any time after 12 March 2010, call all or part (pro rata across all Holders, and if in part, subject to a minimum number of Perpetual Preference Shares left uncalled) of the Perpetual Preference Shares. No call or part call has been exercised. In certain circumstances (including Quayside Holdings becoming insolvent, electing not to pay a Dividend or ceasing to have a majority shareholding (directly or indirectly) in Port of Tauranga), the Put Option, as defined by the prospectus dated 12 March 2008, will be triggered.

Depending on the event which has triggered the Put Option, the Administrative Agent will either be automatically required (on receipt of notice), or may by a Special Resolution of Holders (or by Special Approval Notice) be required, on behalf of all Holders of Perpetual Preference Shares, to require the Council to purchase all the Perpetual Preference Shares.

Option Deed

There exists an Option Deed relating to Perpetual Preference Shares dated 31 January 2008 between Quayside Holdings Limited, Bay of Plenty Regional Council and The New Zealand Guardian Trust Company Limited.

PPS Put Option trigger events

There are a number of the factors which could result in Quayside Holdings being unwilling or unable to pay a Dividend on the Perpetual Preference Shares. Such factors could conceivably give rise to other circumstances under which the Put Option would be exercisable, such as the insolvency of Quayside Holdings. In addition, the Put Option could become exercisable if Quayside Holdings ceases to have a majority shareholding (directly or indirectly) in Port of Tauranga or if the liability to it of the holder/s of its Uncalled Capital is reduced (other than by payment of calls).

Quayside Holdings has no present intention of reducing its (indirect) majority shareholding in Port of Tauranga or reducing the liability to it of holders of Uncalled Capital. However, its (indirect) majority shareholding in Port of Tauranga could be lost as a result of actions outside its control, such as a non pro rata share issue by Port of Tauranga. If the Administrative Agent (Guardian Trust) exercised the Put Option, Perpetual Preference Shareholders would be entitled to receive $1.00 plus any Unpaid Amount plus (unless Quayside Holdings has elected to pay a Dividend prior to and in anticipation of the transfer of all the Perpetual Preference Shares following the exercise of the Put Option) an amount representing a return on their Perpetual Preference Shares at the prevailing Dividend Rate from (and including) the last Dividend Payment Date to (but excluding) the Transfer Date but, from the Transfer Date, would no longer have any entitlement to further Dividends.

Perpetual Preference Shares are transferable and listed on the NZDX under the symbol QHLHA.

Quayside Holdings Limited has classified the Perpetual Preference Shares as equity for the following reasons:

- The Perpetual Preference Shares have no fixed term, and are not redeemable.
- The quarterly payment of dividends by Quayside Holdings Limited to Perpetual Preference shareholders is optional and resolved on by the Board of Quayside Holdings Limited.
- Dividends on the Perpetual Preference Shares may be imputed, and as such are equity instruments.
- PUT or CALL options, if exercised are payable by Council, the ordinary shareholder of Quayside Holdings Limited.

Quayside Holdings may issue further securities (including further perpetual preference shares) ranking equally with, or behind, the Perpetual Preference Shares without the consent of any Holder. However, it may not issue any other shares ranking in priority to the Perpetual Preference Shares as to distributions without the approval of the Holders by way of a Special Resolution or pursuant to a Special Approval Notice.

The arrangement has had the benefit of consecutive three-year private rulings issued by Inland Revenue from 17 September 2007. A binding ruling retaining the existing tax treatment was recently issued by Inland Revenue for five years to 16 September 2026.

Call Option trigger events

After 12 March 2010 Bay of Plenty Regional Council may exercise the Call Option at any time. The Bay of Plenty Regional Council does not have any intention of exercising the call option.

Dividend payment

A significant transaction between Council and Quayside Holdings Limited is a dividend payment of $40.0 million. (2021: $33.1 million).

The dividends are fully imputed. Dividends paid by the Port of Tauranga Limited to non-controlling interests were $43.7m (2021: $38.7m).

The Perpetual Preference shares are subject to a fixed Dividend Rate reset every three years at the Dividend Rate Reset Date. This date occurred on 12 March 2020, where the rate for the following three-year period was set at 2.46%. The next dividend reset date will be 13 March 2023.

Loan to Quayside Holdings

In 2019 a loan was established between the Council to Quayside Holdings Ltd. Council has worked with Quayside Holdings Ltd to achieve the best funding outcomes and available returns. In 2022 the loan between Council and Quayside Holdings Limited increased due to funding requirements for the Rangiuru Business Park development.

Distribution from Toi Moana Trust

During the year Council received a distribution from Toi Moana Trust of $4.5 million. (2021: $2.25 million)

Other related entities

Other related parties include subsidiaries in the Quayside Group.

During the year, the subsidiary entered into transactions with companies in which directors hold directorships. These directorships have not resulted in the group having a significant influence over the operations, policies or key decisions of these companies.

BOPLASS Limited

BOPLASS Limited was incorporated on 14 January 2008, and has share capital of 31 shares at 30 June 2022. The purpose of the company is to foster collaboration between the nine shareholder councils in the delivery of "back office" services. Fiona McTavish, Chief Executive of Bay of Plenty Regional Council is a director of BOPLASS Limited. Bay of Plenty Regional Council holds five shares (16.13%).

During 2021/22 the Council was invoiced by BOPLASS for the following services:

	2021/22	2020/21
	$	$
Aerial photography	96,583	96,583
Annual contribution	64,011	62,470
Media monitoring services	62,539	35,035
Memberships, licenses and training	24,797	22,042
Other projects	16,898	15,186
Regional network lease	116,336	92,842
Total expenses	**381,164**	**324,159**

Key management personnel

Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Bay of Plenty Regional Council (such as payment of rates).

Two Councillors of the Bay of Plenty Regional Council (Stuart Crosby and Te Taru White) were directors of Quayside Holdings Limited, Quayside Securities Limited and Quayside Properties Limited at 30 June 2022. The Chief Executive of Bay of Plenty Regional Council (Fiona McTavish) was appointed as Director of the above companies and Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd) effective on 30 June 2018. The Chairman of the Bay of Plenty Regional Council (Douglas Leeder) was appointed as a director of Port of Tauranga Limited in October 2015.

Councillors entered into no related party transactions with Council.

Key management personnel include the Chief Executive, other senior management personnel, Councillors and directors within the Group.

Key management personnel compensation

Non-monetary remuneration that is able to be reliably measured is included in the aggregate amount of remuneration of key management personnel disclosed for the period.

	Council 2021/22 $000	Group 2021/22 $000	Council 2020/21 $000	Group 2020/21 $000
Salaries and other short-term employee benefits	1,611	6,814	1,551	7,035
Post employment benefits	45	162	46	46
Councillor remuneration	1,011	-	1,012	1,012
Directors fees	-	1,261	-	1,154
	2,667	**8,237**	**2,609**	**9,247**

All Port of Tauranga Group Executive Management Team participate in the Management Long Term Incentive Plans and may receive cash or non cash benefits as a result of these plans (refer note 28).

	Council 2021/22	Council 2020/21
Councillors - Full time equivalent members*	14	14
Leadership Team - Full time equivalent	6	6

**Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors*

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties.

33 Remuneration

Remuneration of the Chief Executive (Council)

The Chief Executive of the Bay of Plenty Regional Council (Fiona McTavish, appointed on 30 June 2018 under section 42(1) of the Local Government Act 2002) received remuneration of $402,872 (2021: $385,066).

Remuneration of Councillors

	2021/22 $	2020/21 $
D Leeder	146,561	142,762
J Nees	80,004	80,004
P Thompson	70,000	70,000
L Thurston	70,000	70,000
N Bruning	61,525	61,525
S Crosby	61,525	61,525
A Von Dadelszen	70,000	70,000
D Love	70,000	70,000
K Winters	70,000	70,000
B Clark	61,525	61,525
M McDonald	70,000	70,000
T Iti	61,525	61,525
S Rose	61,525	61,525
T White	61,525	61,525
	1,015,714	**1,011,915**

Remuneration of Directors

	2021/22 $	2020/21 $
R Macleod	207,000	189,200
D A Pilkington	183,000	173,700
K R Ellis	115,000	106,600
J C Hoare	116,000	107,500
A R Lawrence	101,000	96,200
D W Leeder	97,000	93,600
A M Andrew	98,000	93,600
T White	53,000	16,000
W Parker	66,000	63,000
B Hewlett	53,000	53,000
S Crosby	53,000	53,000
K Horne	69,000	69,000
D D Bracewell	50,000	-
P Thompson	-	40,000
	1,261,000	**1,154,400**

The Group does not provide any non cash benefits to Directors in addition to their Directors' fees.

Remuneration of Council Employees

		2021/22
	< $60,000	66
	$60,000 - $79,999	111
	$80,000 - $99,999	150
	$100,000 - $119,999	86
	$120,000 - $139,999	50
	$140,000 - $159,999	14
	$160,000 - $179,999	13
*	$180,000 - $269,999	7
	$380,000 - $399,999	1
	Total Employees	498

* This is an example of a combined band disclosure. Schedule 10, clause 32A of the LGA requires where the number of employees in any band is 5 or fewer, the number for that band is combined with the next highest band.

		2020/21
	< $60,000	67
	$60,000 - $79,999	121
	$80,000 - $99,999	120
	$100,000 - $119,999	87
	$120,000 - $139,999	41
	$140,000 - $159,999	23
*	$160,000 - $179,999	7
	$180,000 - $249,999	5
	$360,000 - $379,999	1
	Total Employees	472

Total remuneration includes any non-financial benefits provided to employees.

At 30 June 2022, the Council employed 393 full-time employees (2021: 378), with the balance of staff (105) representing 72 full-time equivalent staff (2021: 65). A full time employee is determined on the basis of a 37.5 or 40 hour working week.

34 Severance

For the year ended 30 June 2022, the Council made five (2021: one) severance payments to employees totaling $154,380 (2021: $17,232).

The value of each of the severance payments was $74,982, $43,517, $26,412. $6,650 and $2,819.

35 Segmental reporting

This note is for the subsidiary only.

At 30 June 2022 the Quayside Holdings Limited Group comprises two main operating segments; the first being the business of facilitating export and import activities (Port), and the second being the business of investment (Investing). Both operating segments operate in one geographic segment, being New Zealand, are managed separately as they provide different services to customers and have their own operational and marketing requirements. The only transaction during the year between these two operating segments was the payment and recording of a dividend by the Port segment to the Investing segment.

Although Port of Tauranga Group reports three main reportable segments, at the Group level, information provided by Port of Tauranga Group is presented to the Chief Operating Decision Maker as one operating segment.

The Port of Tauranga Group operates in one geographical area, that being New Zealand. During the year the Group had two external customers which comprised more than 10% of total revenue. Revenue from these two customers is included in Port Operations and accounts for 29% and 13% (2021: 30% and 12%) of total revenue.

The segment results for the year ended 30 June are:

	Port $000	Investing $000	Total $000
30 June 2022			
Total segment revenue	374,885	57,623	432,508
Inter-segment revenue	-	(51,581)	(51,581)
Revenue (from external customers)	374,885	6,042	380,927
Other income/gains	403	64,309	64,712
Finance income	287	636	923
Finance costs	(16,452)	(1,767)	(18,219)
Depreciation and amortisation	(37,586)	(1,308)	(38,894)
Other expenditure/losses	(182,727)	(52,766)	(235,493)
Income tax expense	(39,079)	(5,973)	(42,052)
Impairment of equity accounted investees	-	(599)	(599)
Share of profit of equity accounted investees	11,586	5,975	17,560
Net profit after tax	**111,317**	**14,548**	**125,865**

	Port	Investing	Total
	$000	$000	$000
30 June 2021			
Total segment revenue	337,302	50,897	388,199
Inter-segment revenue	-	(45,686)	(45,686)
Revenue (from external customers)	337,302	5,211	342,513
Other income/gains	979	75,728	76,707
Finance income	164	212	376
Finance costs	(16,736)	(977)	(17,713)
Depreciation and amortisation	(33,998)	(802)	(34,800)
Other expenditure/losses	(163,485)	(30,440)	(193,925)
Income tax (expense)/ benefit	(34,634)	2,004	(32,630)
Impairment of equity accounted investees	-	(2,707)	(2,707)
Loss on disposal of Equity Accounted Investee	(741)	-	(741)
Share of profit of equity accounted investees	13,524	3,494	17,018
Net profit after tax	**102,375**	**51,723**	**154,098**

The segment assets at 30 June are:

Segment Assets	$000	$000	$000
30 June 2022	2,743,526	478,162	3,221,688
30 June 2021	2,081,270	443,659	2,524,929

Policies

The Quayside group determines and presents operating segments based on the information that is internally provided to the Chief Executive, who is the group's Chief Operating Decision Maker (CODM).

36 Events after the balance sheet date

Council

Since Council was established in 1989 our rates have been invoiced and collected by the seven city and district councils across the region. From July 2022, this has changed and Council has invoiced ratepayers directly and will also be collecting its own rates.

On 1 July 2022, Council invested an additional $25 million in Toi Moana Trust.

Subsidiary

The financial statements were approved by the Board of Directors on 2 September 2022.

The Port of Tauranga approved a final dividend of 8.2 cents per share to a total of $55.8 million after reporting date.

No other dividends were declared after balance date but prior to the date of signing of these accounts.

37 Financial instruments

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and commodity risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The group comprises three governance structures:

- Bay of Plenty Regional Council (Council)
- Quayside Group – comprising Quayside Holdings Limited(Parent company) and its directly controlled subsidiaries: Quayside Securities Limited, Quayside Unit Trust, Quayside Investment Trust and Quayside Properties Limited. The Toi Moana Trust is also included in the Quayside Group Structure with Quayside Securities Limited acting as the trustee.
- Port of Tauranga Group – comprising the Port of Tauranga Limited and its subsidiaries and Equity Accounted Investees. This group is owned 54.14% by the Quayside Group

Council

The Council has a series of policies to manage the risks associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Subsidiary

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. For the purposes of this note, the Group comprises two governance structures: Quayside Group and Port of Tauranga Group.

The Board of Directors of each Group has overall responsibility for the establishment and oversight of the Group's financial risk management framework; however each of the Groups described above has its own Audit Committee appointed by its Board of Directors. Each Audit Committee is established on 'best practice' principles and is responsible for developing and monitoring risk management policies, and reports regularly to their respective Board of Directors on its activities. The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Each Board ultimately oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

The following tables show the classification, fair value and carrying amount of financial instruments held by the Group at reporting date:

	Fair Value through other Comprehensive Income $000	Fair Value through Profit & Loss $000	Hedge accounted derivatives $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Council 2021/22						
Financial assets						
Cash and cash equivalents	-	-	-	79,807	79,807	79,807
Other financial assets	-	-	-	35,921	35,921	35,921
Trade and other receivables	-	-	-	19,453	19,453	19,453
Total current financial assets	-	-	-	135,182	135,182	135,182
Investments in subsidiaries	8,678	3,503	-	97,789	109,970	109,970
Trade and other receivables	-	-	-	722	722	722
Other financial assets	55	-	-	-	55	55
Total non current financial assets	8,733	3,503	-	98,511	110,747	110,747
Total financial assets	**8,733**	**3,503**	**-**	**233,693**	**245,929**	**245,929**
Financial liabilities						
Borrowings	-	-	-	70,400	70,400	70,400
Trade and other payables	-	-	-	12,333	12,333	12,333
Total current financial liabilities	-	-	-	82,733	82,733	82,733
Borrowings	-	-	-	122,130	122,130	122,130
Trade and other payables	-	-	-	6,569	6,569	6,569
Put option provision	-	2,600	-	-	2,600	2,600
Total non current financial liabilities	-	2,600	-	128,699	131,299	131,299
Total financial liabilities	**-**	**2,600**	**-**	**211,432**	**214,032**	**214,032**

	Fair Value through other Comprehensive Income $000	Fair Value through Profit & Loss $000	Hedge accounted derivatives $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Group 2021/22						
Financial assets						
Cash and cash equivalents	-	-	-	125,779	125,779	125,779
Other financial assets	-	350	-	78,770	79,120	79,120
Trade and other receivables	-	-	-	78,613	78,613	78,613
Advances to Equity accounted investees	-	2,930	-	-	2,930	2,930
Total current financial assets	-	3,280	-	283,163	286,443	286,443
Investments in subsidiaries	8,678	3,503	-	-	12,182	12,182
Derivative instruments	-	11,957	-	-	11,957	11,957
Trade and other receivables	-	-	-	722	722	722
Other financial assets	55	304,874	-	42,849	347,778	347,778
Total non current financial assets	8,733	320,334	-	43,571	372,638	372,638
Total financial assets	**8,733**	**323,614**	**-**	**326,734**	**659,081**	**659,081**
Financial liabilities						
Borrowings	-	-	-	185,400	185,400	185,400
Trade and other payables	-	-	-	25,741	25,741	25,741
Derivative instruments	-	67	-	-	67	67
Contingent consideration	-	368	-	-	368	368
Total current financial liabilities	-	435	-	221,141	221,576	221,576
Derivative financial instruments	-	7,403	-	-	7,403	7,403
Borrowings	-	-	-	457,027	457,027	457,027
Trade and other payables	-	-	-	6,569	6,569	6,569
Contingent consideration	-	2,688	-	-	2,688	2,688
Put option provision	-	2,600	-	-	2,600	2,600
Total non current financial liabilities	-	12,691	-	463,596	476,287	475,287
Total financial liabilities	**-**	**13,126**	**-**	**684,737**	**697,863**	**696,863**

	Fair Value through other Comprehensive Income $000	Fair Value through Profit & Loss $000	Hedge accounted derivatives $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Council 2020/21						
Financial assets						
Cash and cash equivalents	-	-	-	41,112	41,112	41,112
Other financial assets	-	-	-	71,155	71,155	71,155
Trade and other receivables	-	-	-	22,020	22,020	22,020
Total current financial assets	-	-	-	134,287	134,287	134,287
Investments in CCO's and other similar entities	7,864	2,848		94,692	105,404	105,404
Trade and other receivables	-	-	-	1,230	1,230	1,230
Other financial assets	53	-	-	14,500	14,553	14,553
Total non current financial assets	7,917	2,848	-	110,422	121,187	121,187
Total financial assets	**7,917**	**2,848**	**-**	**244,709**	**255,474**	**255,474**
Financial liabilities						
Borrowings	-	-	-	75,900	75,900	75,900
Trade and other payables	-	-	-	14,593	14,593	14,593
Derivative instruments	-	-	-	-	-	-
Total current financial liabilities	-	-	-	90,493	90,493	90,493
Derivative financial instruments	-	-	-	-	-	-
Borrowings	-	-	-	105,000	105,000	105,000
Trade and other payables	-	-	-	6,503	6,503	6,503
Put option provision		3,000			3,000	3,000
Total non current financial liabilities	-	3,000	-	111,503	114,503	114,503
Total financial liabilities	**-**	**3,000**	**-**	**201,996**	**204,996**	**204,996**

	Fair Value through other Comprehensive Income $000	Fair Value through Profit & Loss $000	Hedge accounted derivatives $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Group 2020/21						
Financial assets						
Cash and cash equivalents	-	-	-	83,591	83,591	83,699
Other financial assets	-	-	-	71,155	71,155	71,155
Trade and other receivables	-	-	-	84,265	84,265	84,265
Total current financial assets	-	-	-	239,011	239,011	239,119
Investments in CCO's and other similar entities		77	-	-	77	77
Trade and other receivables	-	-	-	1,230	1,230	1,230
Other financial assets	53	338,694	-	15,000	353,747	353,747
Total non current financial assets	**53**	**338,771**	**-**	**16,230**	**355,054**	**355,054**
Total financial assets	**53**	**338,771**	**-**	**255,241**	**594,065**	**594,173**
Financial liabilities						
Borrowings	-	-	-	361,006	361,006	361,006
Trade and other payables	-	-	-	27,633	27,633	27,633
Derivative instruments	-	1,151	-	-	1,151	1,151
Contingent consideration		434			434	434
Total current financial liabilities	-	**1,585**	**-**	**388,639**	**390,224**	**390,224**
Derivative financial instruments	-	13,763	-	-	13,763	13,763
Borrowings	-	-	-	320,000	320,000	320,000
Trade and other payables				6,503	6,503	6,503
Contingent consideration		2,920	-	-	2,920	2,920
Put option provision	-	3,000	-		3,000	3,000
Total non current financial liabilities	-	**19,683**	**-**	**326,503**	**346,186**	**346,186**
Total financial liabilities	**-**	**21,268**	**-**	**715,142**	**736,410**	**736,410**

Credit Risk

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	Council		Group	
	2021/22	2020/21	2021/22	2020/21
	$000	$000	$000	$000
Trade and other receivables - current	19,453	22,020	78,613	84,265
Trade and other receivables - non current	722	1,230	722	1,230
Other financial assets - current	35,921	71,155	82,050	71,155
Other financial assets - non current	54,602	49,600	-	45,244
Cash and cash equivalents	79,807	41,112	125,779	83,699
	190,506	**185,117**	**287,165**	**285,592**

Credit risk management policies

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances. Unless otherwise approved by Council, cash deposits are required to be with institutions with a credit rating of BBB or above and have individual counterparty limits and category limits which must be complied with under the Treasury Policy.

Default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as security (if any is held).

Write-off

Council

Council has recognised an ECL allowance of $100,000 (2021:$158,000) for the Hot Swap Loans and $265,000 (2021: $176,000) for Rates Receivable in line with PBE IFRS 9. No further ECL allowance has been recognised because these amounts are considered trivial.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Concentrations of credit risk

Council

The significant concentrations of credit risk at reporting date relate to cash and cash equivalents and receivables.

Due to the timing of its cash inflows and outflows, Council invests surplus cash with registered banks in accordance with the Treasury Policy. Council's investments in term deposits are considered to be low-risk investments. The credit ratings of banks are monitored for credit deterioration.

For receivables, Council monitors and manages receivables based on their ageing and adjusts the expected credit loss allowance accordingly.

Quayside Group

There is no concentration of credit risk for Quayside Group.

Port of Tauranga Group

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the Port of Tauranga Group to credit risk, principally consist of bank balances, trade receivables, advances to Equity Accounted Investees and derivative financial instruments.

The Port of Tauranga Group only transacts in treasury activity (including investment, borrowing and derivative transactions) with Board approved counterparties. Unless otherwise approved by the Board, counterparties are required to be New Zealand registered banks with a Standard& Poor's credit rating of A or above. The Port of Tauranga Group continuously monitors the credit quality of the financial institutions that are counterparties and does not anticipate any non performance.

The Port of Tauranga Group adheres to a credit policy that requires that each new customer to be analysed individually for creditworthiness before Port of Tauranga Group's standard payment terms and conditions are offered. Customer payment performance is constantly monitored with customers not meeting creditworthiness being required to transact with Port of Tauranga Group on cash terms. The Port of Tauranga Group generally does not require collateral.

The only significant concentration of credit risk at reporting date relates to bank balances and advances to Equity Accounted Investees. The nature of the Port of Tauranga Group's business means that the top ten customers account for 59.9% of total Group revenue (2021: 63.8%). The Port of Tauranga Group is satisfied with the credit quality of these debtors and does not anticipate any non performance.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored. The Port of Tauranga Group's committed bank facilities are required to be always maintained at a minimum of 10% above maximum forecast usage.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Parent Company's banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least six months prior to each facility's expiry.

The following table sets out the contractual cash outflows for all financial liabilities (including estimated interest payments) and derivatives:

	Statement of financial position $000	Contractual cash flows $000	6 Months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Group 2021/22							
Non derivative financial liabilities							
Borrowings	847,312	749,686	291,683	73,997	86,754	159,525	137,727
Contingent consideration	3,056	3,439	-	511	2,928	-	-
Trade and other payables	32,257	32,257	25,668	-	-	-	6,569
	882,625	**785,382**	**317,371**	**74,508**	**89,682**	**159,525**	**144,296**
Derivatives							
Interest rate derivatives							
- Cashflow hedges outflow	-	1,227	1,131	37	34	25	-
- Cashflow hedges inflow	(11,990)	(14,576)	(344)	(1,191)	(2,385)	(7,189)	(3,458)
- Fair value hedges - outflow	7,503	8,605	52	818	1,623	4,007	2,105
Foreign exchange derivatives							
- Cash flow hedges outflow	-	3,641	3,641	-	-	-	-
- Cash flow hedges inflow	(350)	(3,993)	(3,993)	-	-	-	-
Total derivatives	(4,837)	(5,096)	487	(336)	(728)	(3,157)	(1,353)
Total	**877,780**	**780,286**	**317,858**	**74,172**	**88,954**	**156,368**	**142,943**

	Statement of financial position $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Council 2021/22							
Non derivative financial liabilities							
Borrowings	192,530	192,530	-	70,400	50,000	45,000	27,130
Trade and other payables	18,902	18,902	12,333	-	-	-	6,569
Total	**211,432**	**211,432**	**12,333**	**70,400**	**50,000**	**45,000**	**33,699**

	Statement of financial position $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Group 2020/21							
Non derivative financial liabilities							
Borrowings	875,891	762,758	464,644	3,465	110,582	137,768	46,300
Contingent consideration	3,343	3,881	-	499	534	2,848	-
Trade and other payables	32,257	32,257	25,688	-	-	-	-
	882,625	**785,382**	**317,371**	**3,964**	**111,116**	**140,616**	**46,300**
Derivatives							
Interest rate derivatives							
- Cashflow hedges outflow	14,914	18,954	3,883	3,442	4,493	6,726	210
- Cashflow hedges inflow	-	(2,600)	-	-	(65)	(1,087)	(1,448)
Total derivatives	14,914	16,354	3,883	3,442	4,428	5,639	(1,238)
Total	**925,020**	**813,865**	**499,399**	**7,406**	**115,544**	**146,255**	**45,062**

	Statement of financial position $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Council 2020/21							
Non derivative financial liabilities							
Borrowings	180,900	201,646	77,321	1,591	42,531	33,904	46,300
Trade and other payables	21,096	21,096	21,096	-	-	-	-
	201,996	**222,742**	**98,417**	**1,591**	**42,531**	**33,904**	**46,300**
Derivatives							
Interest rate derivatives							
-Outflow	-	-	-	-	-	-	
-Inflow	-	-	-	-	-	-	
Total	**201,996**	**222,742**	**98,417**	**1,591**	**42,531**	**33,904**	**46,300**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Quayside Group is exposed to equity securities price risk because of investments held by the Group. This risk is managed through diversification of the portfolio. Refer to further information in (iii) Other Price Risk. The Quayside Group has no exposure to commodity price risk.

The Port of Tauranga Group uses derivative financial instruments such as interest rate swaps and foreign currency options to hedge certain risk exposures. All derivative transactions are carried out within the guidelines set out in The Port of Tauranga Group's Treasury Policy which have been approved by the Board of Directors. Generally the Port of Tauranga Group seeks to apply hedge accounting in order to manage volatility in the statement of comprehensive revenue and expense.

(i) Interest rate risk

Interest rate risk is the risk of financial loss, or impairment to cash flows in current or future periods, due to adverse movements in interest rates on borrowings or investments. The Port of Tauranga Group uses interest rate derivatives to manage its exposure to variable interest rate risk by converting variable rate debt to fixed rate debt.

The Port of Tauranga Group enters into derivative transactions into International Swaps Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the balance sheet for accounting purposes.

The total nominal value of interest rate derivatives outstanding is $400m (2021:$375m).

The average interest rate on interest rate derivatives is 3.5% (2021: 2.9%).

The Quayside Group has deposits and borrowings that are subject to movements in interest rates.

At reporting date, the interest rate profile of the Group's interest-bearing financial assets / (liabilities) were:

Carrying amount	Council 2021/22 $000	Council 2020/21 $000	Group 2021/22 $000	Group 2020/21 $000
Fixed rate instruments				
Term Deposits	35,921	85,655	35,921	85,655
Fixed Rate Bond	-	-	(192,472)	(100,000)
Total	**35,921**	**85,655**	**(156,551)**	**(14,345)**
	-	-		
Variable rate instruments	-	-		
Commercial papers	-	-	(125,000)	(220,000)
Standby revolving cash advance facility	-	-	(125,000)	(165,000)
Interest rate derivatives	-	-	(7,470)	(14,914)
Westpac borrowings	-	-	(17,425)	(15,106)
Cash balances	79,807	41,112	125,778	83,591
Total	**79,807**	**41,112**	**(149,117)**	**(331,429)**

Sensitivity Analysis

If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/(decrease) post tax profit or loss and the hedging reserve by the amounts shown below.

The analysis is performed on the same basis for 2021/22.

	Profit or Loss		Cash Flow Hedge Reserve	
Group	**100 bp decrease** $000	**100 bp increase** $000	**100 bp decrease** $000	**100 bp increase** $000
Variable rate instruments	(3,451)	3,493	-	-
Interest rate derivatives - paying fixed	1,476	(1,476)	5,656	(5,656)
Interest rate derivatives - paying floating	(720)	720		
30 June 2022	**(2,695)**	**2,737**	**5,656**	**(5,656)**
Variable rate instruments	(3,378)	3,420	-	-
Interest rate derivatives - paying fixed	1,746	(1,746)	8,116	(8,652)
30 June 2021	**(1,632)**	**1,674**	**8,116**	**(8,652)**

Profile of Timing

The following table sets out the profile of timing of the notional amount of the hedging instrument:

			Maturity		
	Less than 12 months	1-4 years	4-7 years	More than 7 years	Total
Subsidiary 2021/22	$000	$000	$000	$000	$000
Interest rate derivatives					
Notional amount (NZD$000)	30,000	135,000	195,000	40,000	400,000
Average rate (%)	3.56%	3.61%	3.46%	1.41%	3.53%
Subsidiary 2020/21	$000	$000	$000	$000	$000
Interest rate derivatives					
Notional amount (NZD$000)	75,000	120,000	110,000	70,000	375,000
Average rate (%)	3.77%	3.04%	2.03%	1.65%	3.05%

(ii) Currency Risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates. The Group held the following foreign equities at balance date:

	Group		Council	
	2021/22	**2020/21**	**2021/22**	**2020/21**
	$000	$000	$000	$000
Cash - AUD	4,098	624	-	-
Cash - USD, EUR, GBP, CAD	6,684	1,294	-	-
Equities - AUD	34,336	35,316	-	-
Equities - USD, EUR, GBP, CAD, SGD	64,403	76,343	-	-
	109,521	**113,577**	**-**	**-**

Sensitivity Analysis

If at reporting date, a 10% strengthening/weakening of the above currencies against the New Zealand dollar occurred with all other variables held constant, it would increase/(decrease) post tax profit or loss and the cash flow hedges reserve by the amounts shown below. The analysis is performed in the same basis for 2022.

	Profit or loss		Reserves	
Subsidiary	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
	$000	$000	$000	$000
Cash - AUD	410	(410)	-	-
Cash - USD, EUR, GBP	668	(668)	-	
Equities - AUD	3,434	(3,434)	-	-
Equities - USD, EUR, GBP, CAD, SGD	6,440	(6,440)	-	-
30 June 2022	**10,952**	**(10,952)**	**-**	**-**
Cash - AUD	62	(62)	-	-
Cash - USD, EUR, GBP	129	(129)	-	
Equities - AUD	3,532	(3,532)	-	-
Equities - USD, EUR, GBP	7,634	(7,634)	-	-
30 June 2021	**11,358**	**(11,358)**	**-**	**-**

(iii) Other price risk

Quayside Group is exposed to equity securities price risk because of investments and classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Group's Statement of Investment Policy Objectives. The Group's investments are in both listed and unlisted equities. Equities by nature are subject to volatility. The Group holds equities in a number of markets. The Group held the following equities at balance date:

Subsidiary	**2021/22**	**2020/21**
	$000	$000
Unlisted private equity and managed funds	68,447	45,932
Listed Equities - NZD	94,839	135,860
Listed Equities - AUD	34,336	35,316
Listed Equities - USD, EUR, GBP, CAD, SGD	64,403	76,343
30 June 2022	**262,025**	**293,450**

Sensitivity Analysis

The table below summarises the impact of increases/decreases in the equity prices on the Group's pre-tax profit for the year – all movements in equity prices are reflected through profit or loss. The analysis is based on the assumption that the equity prices had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Subsidiary	10% increase	10% decrease
	$000	$000
Unlisted private equity and managed funds	6,845	(6,845)
Listed Equities - NZD	9,484	(9,484)
Listed Equities - AUD	3,434	(3,434)
Listed Equities - USD, EUR, GBP, CAD, SGD	6,440	(6,440)
30 June 2022	**26,203**	**(26,203)**
Unlisted private equity and managed funds	4,593	(4,593)
Listed Equities - NZD	13,586	(13,586)
Listed Equities - AUD	3,532	(3,532)
Listed Equities - USD, EUR, GBP, CAD, SGD	7,634	(7,634)
30 June 2021	**29,345**	**(29,345)**

The Group is also exposed to other price risk arising from the variability of kiwifruit prices which impact on the valuation of the Group's income and receivables. The Parent has no exposure to this price risk. The Group's Kiwifruit income and related receivable at year-end are based on forecast revenue per tray, made at the beginning of the season.

Sensitivity Analysis

At 30 June 2022, if the forecast revenue per tray had been 10% higher/lower with all other variables held constant, the Group's post tax profit for the year would increase/decrease by $319,920 (2021: $352,403).

Market liquidity risk

Market liquidity risk is the risk that insufficient liquidity in the market for a security will limit the ability of the security to be sold, resulting in the QHL Group suffering a financial loss. The QHL Group is subject to market liquidity risk if investments are made in relatively illiquid securities, such as unlisted investments. The QHL Group seeks to minimise its exposure to this risk through having sufficient liquid investments.

Financial instruments categories and fair value hierarchy

The QHL Group's other equity investments are mandatorily measured at fair value through the income statement. The table below analyses financial instruments carried at fair value, by level of valuation.

The following table presents the QHL Group's financial assets and liabilities that are measured at fair value at 30 June 2022 and 30 June 2021.

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
30 June 2022	$000	$000	$000	$000
Financial assets at fair value through profit or loss				
Listed equity investments	193,578	-	-	193,578
Unlisted direct investments	-	-	15,560	1,556
Unlisted managed funds	-	-	50,240	50,240
Other instruments	-	-	2,647	2,647
	193,578	**-**	**68,447**	**262,025**
30 June 2021				
Financial assets at fair value through profit or loss				
Listed equity investments	247,519	-	-	247,519
Unlisted direct investments	-	-	15,487	15,487
Unlisted managed funds	-	-	25,550	25,550
Other instruments			4,895	4,895
	247,519	**-**	**45,932**	**293,450**

Transfers between levels in the fair value hierarchy

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the QHL Board and management determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation throughout each reporting period. There were no transfers between levels in the current or prior year.

Reconciliation of fair value measurement under Level 3 hierarchy

The table below shows a reconciliation of fair value movements in Level 3 financial instruments.

Subsidiary	2022 $000	2021 $000
Opening Balance	45,932	20,094
Purchases	22,895	21,191
Sales	(3,951)	(4,390)
Unrealised gains and losses recognised in net fair value gains on financial instruments held at fair value through profit or loss	10,910	9,037
Transfers	(7,339)	-
Closing Balance	**68,447**	**45,932**

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy the amount of the total gains or losses for the period included in income that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period was a $10.9m gain (2021: $7.7m loss), and these amounts are recognised as part of the 'Other Losses' line item of the income statement.

Fair value sensitivity

Subsidiary	Non-market observable input	Movement	Impact on fair value measurement	
			Increase	Decrease
		%	$000	$000
2022 – Parent and Group				
Unlisted direct investments	(i)	(i)	3,112	(3,112)
Unlisted managed funds	(i)	(i)	10,048	(10,048)
2021 – Parent and Group				
Unlisted direct investments	(i)	(i)	3,097	3,097
Unlisted managed funds	(i)	(i)	5,110	(5,110)

(i) The Group's investments that have been categorised as private equity and are held either directly or via externally managed investment vehicles. The Board and management have assessed that the reasonably likely movement in fair value in a one-year period is: 20% for direct private equity investments and 20% for managed funds based on internal risk modelling. Valuations for these investments are provided by investment managers or administrators if held via a managed structure. The Group does not always have access to the underlying valuation models to fully disclose sensitivities to specific assumptions.

38 Capital management

Council

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of using the Council's assets and not expecting them to meet the full cost of long-term assets, that will benefit ratepayers in future generations. Additionally, the Council has in place, Asset Management Plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Bay of Plenty Regional Council has the following Council created reserves:

- reserves for different areas of benefit

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Quayside Group

The Group's capital is its equity, which comprises paid up capital, retaining earnings and reserves. Equity is represented by net assets less non controlling interest.

The Quayside Group's objectives when managing capital are to safeguard the Quayside Group's ability to continue as a going concern in order to provide a long-run risk-adjusted commercial rate of return to the holder of the ordinary shares and to provide fixed dividends to the holders of issued Perpetual Preference shares. Capital is structured to minimise the cost of capital.

The Quayside Group's Statement of Intent requires that it retain a majority shareholding in the Port of Tauranga Limited, currently 54.14%; complementing that, the policy of the Board is to provide the best possible management of all other investments by diversifying across sectors away from the port/transport sector, both within Australasia and internationally. To provide for a growing and sustainable flow of dividends to the ordinary shareholder, the Quayside Group has adopted a distribution policy which will ensure that dividends are maintained with regard to retentions for regional growth and inflation, and can be maintained through periods of income fluctuation.

The Quayside Group is required to comply with certain financial covenants in respect of external borrowings, namely security over shares in Port of Tauranga Limited owned by Quayside Securities Limited as trustee for the Quayside Unit Trust.

There have been no changes in the Quayside Group's approach to capital management during the year. Quayside Holdings Limited has complied with all capital management policies and covenants during the reporting period.

Port of Tauranga Group

The Board's policy is to maintain a strong capital base, which the Port of Tauranga Group defines as total shareholders' equity, so as to maintain investor, creditor and market confidence, and to sustain the future business development of the Port of Tauranga Group. The Board endeavours to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Port of Tauranga Group has established policies in capital management, including the specific requirements that interest cover is to be maintained at a minimum of three times and that the debt/(debt + equity) ratio is to be maintained at a 40% maximum. It is also Port of Tauranga Group policy that the dividend payout is maintained between a level of between 70% and 100% of profit for the period.

The Port of Tauranga Limited has complied with all capital management policies and covenants during the reporting period.

39 Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in year one of the 2021-2031 Long Term Plan are as follows:

Statement of comprehensive revenue and expense - operating revenue

Total operating revenue for the year ended 30 June 2022 was $148.4 million, this is $9.3 million lower than budget of $157.7 million, and $0.6 million lower than last year. Capital revenue of $3.14 million is lower against a budget of $7.6 million. The key reasons for the variances are identified as follows:

Subsidies and grants

The most notable decreases in operating revenue came from grants and subsidies of $20.1 million, this result is $9 million lower than budget mainly in the following areas:

- Funding from Crown Infrastructure Partners for 'shovel ready' and climate resilience projects in flood protection and control was $3.6 million lower than planned. This work is now planned for future years.
- Funding from the Jobs for Nature programme to improve biosecurity was $3.2 million less than planned due to this work being deferred to future years. This is offset by an increase in MPI funding for support for the National Conifer programme to include Rangitaiki, Kaharoa, and Mt Tarawera.
- Funding for Rotorua's planned 'A Balanced Approach' network refresh and upgrade was not approved by Waka Kotahi and remains a $0.9 million future opportunity.
- Lower than planned grants of $2 million from the Ministry for the Environment for the Rotorua Te Arawa Lakes enhancement programme.

Finance revenue

Corporate finance revenue of $46.8 million is on budget, this incorporates a dividend from Quayside of $40 million. Toi Moana Trust paid a distribution of $4.5 million meeting its target for 2020/21. The favourable variance comprises $0.1 million higher than planned interest revenue off cash and other financial assets.

Trading and other revenue

Trading and other revenue was $16.6 million, $0.9 million lower than planned across several activities.

Operating expenditure

Total operating expenditure for the year ended 30 June 2022 was $158.4 million, this is $5.2 million lower than budget of $163.7 million, and $15.7 million higher than last year. The key reasons for the variances are identified below:

Employee benefit expenses

The overspend in staff costs is primarily attributable to increased staffing ($0.9m) that has been funded by reducing other costs, for example consultancy and additional overtime and allowances ($0.3m) required as a result of disruptions during COVID-19 and flooding events.

Trading and other expenses

Trading and other expenses is $97.5 million which is $7.3 million lower than budget. The key reasons for the variances are identified below:

- Contract work is $9.7 million lower than planned due to several projects deferred, or no longer proceeding. Some work has not been carried out due to unavailability of technical specialists. The main areas affected are:
  - Transport and urban planning costs were $4.2 million lower than planned due to $2.2 million of the Transport system Plan (TSP) project costs deferred to future years. Funding for Rotorua's planned 'A Balanced Approach' network refresh and upgrade was not approved by Waka Kotahi resulting in costs of $1.85 million not being spent.
  - Biosecurity $1.8 million lower primarily due to delays in National Wallaby programme negotiations with landowners and mana whenua partners on fencing and night shoot operations
- Third party infrastructure grants are $2 million higher than budget in relation to the Rotoma/Rotoiti Sewerage Scheme. After critical engagement with the Ministry for the Environment, Rotorua Lakes Council and Te Arawa Lakes Trust this year, we anticipate that this grant will be paid to Rotorua Lakes Council in the next financial year. We have funded these third-party infrastructure grants from our financial reserves. The $0.7 million Regional Development grant for the Lake Tarawera Sewerage project is now anticipated to be paid to Rotorua Lakes Council in the 2023/24 fiscal year.

Depreciation and amortisation

Depreciation and amortisation expenditure of $8.7 million is $1.0 million higher than planned due to depreciation adjustments for Kopeopeo Canal remediation.

Statement of financial position

Assets

Total assets is $775.4 million, $59.9 million lower than budget due to the below major variances.

Current assets

Current assets is $28.9 million higher than budget due to the below major variances.

- Cash and cash equivalents is $53.8 million higher than budget mainly due to Term deposits planned as Financial assets classified as cash due to the maturity date.
- Other financial assets is $23.0 million lower than budget due to term deposits that were planned as current however due to the maturity date are recorded as cash and non-current assets.

Trade and other receivables were $2.1 million lower than planned due to:

- Trade debtors were $3.1 million which was $1.1 million lower than budget of $4.2 million mainly due to the timing of receipts.
- Rates receivables were $9.8 million which was $100,000 higher than budget of $9.7 million due to receipts from the Territorial Authorities that collected rates on behalf of Council during 2021/22.
- Interest receivables is $1.2 million which was $1.5 million lower than budget of $2.7 million due to the maturity profile of term deposits.
- A higher than planned increase of $0.4 million in other receivables and inventories makes up the balance of the variances in current assets.

Non-current assets

Non-current assets is $88.9 million lower than budget due to the below major variances.

- Property, plant and equipment was $32.3 million less than planned, mainly due to lower than expected capital expenditure and infrastructure asset revaluations.
- Other financial assets is $56.5 million lower than budget. This is mainly due to $55.7m in expected loans not drawn down by related parties (QHL) this financial year as planned. The remaining variance is mainly due to valuation decrease in investments.

Liabilities

Total liabilities is $66.2 million lower than budget due to the below major variances.

- The put option is valued at $2.6 million which is $0.84 million lower than budget.
- Total current and non-current borrowings is $63.4 million lower than budget. Planned borrowings from the LGFA of $55.7 million to lend to related parties (QHL), have not been required.
- The remaining variance of $7.7 million in borrowings is due to lower capital spending resulting in less borrowing required.

Equity

Total equity is $6.3 million higher than budget mainly due to lower than budgeted capital spend.

Statement of Cashflows

Net cash from operating activities is $2.5 million lower than budget due to lower than expected payments to suppliers, and lower than expected grants received from Government.

Net cash from investing activities is $43.6 million higher than budget. Purchase of Property, plant and equipment was $16.9 million less than planned.

A change in the maturity profile of investments has also resulted in investments that were budgeted for as long term financial assets being reinvested for shorter terms therefore classified as cash instead of investing activities.

Net cash from financing activities is $7.4 million lower than budgeted. Outflows were $15.5 million higher due to the repayment of a loan to LGFA not budgeted for. The outflows were set off by lower than budgeted borrowings and loan to Quayside Holdings Limited for the Rangiuru Business Park.

40 Put Option

The Perpetual Preference Share issue has a Put Option; the purpose of the Put Option is to reduce the credit risk of the Perpetual Preference Share to holders. The Option Deed relating to the Perpetual Preference Shares dated 31 January 2008, outlines the Put Option trigger events, these are:

- Quayside Holdings Limited fails (for whatever reason) to pay the cash component of a dividend payable on a Dividend Payment Date within five business days after the payment date; or
- Quayside Holdings Limited elects not to pay a dividend payable on a dividend payment date; or
- Quayside Holdings Limited ceases to carry on business or operations; or
- An encumbrancer takes possession, or a trustee, receiver and manager, liquidator, administrator, inspector under any companies or securities legislation; or
- A recommendation by the Securities Commission is made to appoint a Statutory Manager; or
- Quayside Holdings Limited is declared or becomes insolvent

While the Council would take steps to prevent the Put Option being exercised, the Council has no binding obligation to intervene. For this reason the valuation of the Put Option is based on Quayside Holdings Limited as a stand-alone entity.

A significant factor in the valuation of the Put Option is Quayside Holdings Limited's substantial degree of reliance on the dividends received from its shareholding in the Port of Tauranga (POT),to fully meet the Perpetual Preference Share dividend payments. Whilst there is currently no apparent reason to believe that Quayside Holdings Limited will not receive dividends from the POT in the future, adverse business, financial or economic conditions may impair the ability and willingness of the POT to pay future dividends.

The valuation of the Put Option as at 30 June 2022 was carried out by PricewaterhouseCoopers (PwC), Wellington on 21 September 2022. PwC has applied Quayside Holdings Limited an updated credit rating range from A- to BBB+ based on their analysis of the Perpetual Preference Share obligations and Quayside Holdings Limited's historical earnings for the Perpetual Preference Share.

Based on the above factors, PwC has given the Council an indicative range of $2.1 million to $2.7 million for the Put Option. In 2020/21 this range was $2.5 million to $3.2 million.

Sensitivity of the indicative valuation to 22.3% recovery				
Rating score	A-	BBB+	BBB	BBB-
Income statement	$0.3 million	$0.3 million	-$0.7 million	-$3.1 million
Balance sheet	$2.7 million	$2.7 million	$3.7 million	$6.1 million

Sensitivity of the indicative valuation to 40% recovery				
Rating score	A-	BBB+	BBB	BBB-
Income statement	$0.9 million	$0.9 million	$0.2 million	-$1.7 million
Balance sheet	$2.1 million	$2.1 million	$2.8 million	$4.7 million

41 Funding impact statement

Bay of Plenty Regional Council: Funding impact statement for the year ended 30 June 2022 (whole of Council)

	Annual Plan 2020/21 $000	Actual Restated 2020/21 $000	LTP Year 1 2021/22 $000	Actual 2021/22 $000
Source of operating funding				
General rates, uniform annual general charges, rates penalties	28,471	28,751	31,118	31,547
Targeted rates	28,727	28,649	33,212	32,549
Subsidies and grants for operating purposes	19,488	21,583	23,405	18,055
Fees and charges	11,114	10,439	12,728	9,357
Interest and dividends from investments	38,981	38,486	46,725	46,876
Local authorities fuel tax, fines infringement fees and other receipts	2,929	5,350	2,910	6,223
Total operating funding (A)	**129,710**	**133,257**	**150,097**	**144,606**
Applications of operating funding				
Payments to staff and suppliers	129,884	130,233	152,528	144,501
Finance costs	3,258	3,212	3,501	3,061
Other operating funding applications	175	47	-	36
Total applications of operating funding (B)	**133,315**	**133,491**	**156,029**	**147,598**
Surplus (deficit) of operating funding (A-B)	**(3,607)**	**(235)**	**(5,932)**	**(2,991)**
Sources of capital funding				
Subsidies and grants for capital expenditure	3,404	12,051	5,713	2,084
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	48,101	(10,500)	34,572	11,630
Gross proceeds from sale of assets	-	221	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	3,740	2,301	1,848	1,052
Total sources of capital funding (C)	**55,245**	**4,072**	**42,134**	**14,767**

	Annual Plan 2020/21 $000	Actual Restated 2020/21 $000	LTP Year 1 2021/22 $000	Actual 2021/22 $000
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve levels of service	34,408	17,341	27,496	13,881
- to replace existing assets	17,097	10,285	7,076	4,618
Increase (decrease) in reserves	(451)	6,340	1,067	43,011
Increase (decrease) of investments	585	(30,127)	563	(49,734)
Total applications of capital funding (D)	**51,640**	**3,839**	**36,202**	**11,776**
Surplus (deficit) of capital funding (C-D)	**3,605**	**233**	**5,931**	**2,991**
Funding balance (A-B) + (C-D)	**(1)**	**(2)**	**(1)**	**0**
Note: This financial statement excludes:				
Depreciation and amortisation	9,130	7,469	7,706	8,713
Loss on sale of property, plant and equipment	-	698	-	48
Impairment of property, plant and equipment	-	-	-	-
Impairment loss - other	-	-	-	-
Investment amortisation	-	-	-	-
Gain on disposal of property, plant and equipment	-	(440)	-	-
Fair value adjustments	-	-	-	2,040
Gain on revaluation of Put Option	-	(400)	-	(400)
Asset revenue gain	-	(577)	-	(253)
Vested Asset Revenue	-	-	-	(8)

42 Internal loans

Council

	Opening Balance 01 July 2021	Loan Advances	Loan Repayments	Closing Balance 30 June 2022	Interest Charges
Catchment Management Group of Activities					
Coastal Catchments	17,115	294	(805)	16,605	337
Water Quality	-	509	(5)	1,204	3
Biodiversity	-	8	(1)	7	-
Rotorua Lakes	14,787	3,161	(2,601)	15,347	303
Regional Parks	1,405	1,419	(62)	2,761	29
	33,307	5,391	(3,474)	35,924	672
Resource Regulation and Monitoring Group of Activities					
Rotorua Air Activity - Clean Heat	2,520	46	(598)	1,968	47
Maritime	266	43	(12)	296	5
	2,786	89	(610)	2,264	52
Flood Protection and Control Works Group of Activities					
Kaituna Catchment Control Scheme	7,902	1,762	(753)	8,921	176
Rangitaiki - Tarawera Rivers Scheme	39,424	5,815	(3,413)	41,837	799
Whakatāne - Tauranga Rivers Scheme	8,141	1,522	(1,162)	8,502	161
Waioeka - Otara Rivers Scheme	4,974	138	(315)	4,700	99
Rangitaiki Drainage Scheme	1,341	170	(78)	1,434	26
Non-Scheme	14,461	(143)	(746)	13,715	284
Flood Risk (Engineering)	623	(698)	(7)	(81)	3
	76,866	8,567	(6,473)	79,027	1,547
Support Services Group of Activities					
Geospatial	382	204	(20)	566	9
Data Services	765	276	(35)	1,006	16
Science	798	728	(44)	1,482	20
Communications	3	-	-	3	-
Buildings	34,401	2,816	(1,705)	35,512	691
Plant	997	566	(48)	1,460	22
Vehicles	2,280	1,274	(174)	3,380	52
Information Services	3,810	1,653	(185)	5,276	84
Information Technology	2,487	-	(111)	2,376	49
	45,923	7,517	(2,322)	51,061	943

	Opening Balance 01 July 2021	Loan Advances	Loan Repayments	Closing Balance 30 June 2022	Interest Charges
Transport and Urban Planning Group of Activities					
Tauranga Passenger Transport	1,167	1	(50)	1,118	23
	1,167	1	(50)	1,118	23
Emergency Management Group of Activities					
CDEM Group	3	5	-	7	-
	3	5	-	7	-
Total	**160,052**	**21,569**	**(12,929)**	**169,403**	**3,237**

43 Depreciation and amortisation expense by Group of Activity

	Council 2021/22 $000	Council 2020/21 Restated $000
Directly attributable depreciation and amortisation expense by group of activity		
Catchment Management	1,194	1,087
Flood Protection & Control	2,388	1,362
Resource Regulation & Monitoring	151	85
Transport and Urban Planning	784	638
Democracy, Engagement and Planning	0	0
Emergency Management	0	0
Support Services	4,195	4,080
Total depreciation and amortisation	**8,713**	**7,251**

44 Financial Prudence

Annual report disclosure statement for year ending 30 June 2022

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The council meets the rates affordability benchmark if-

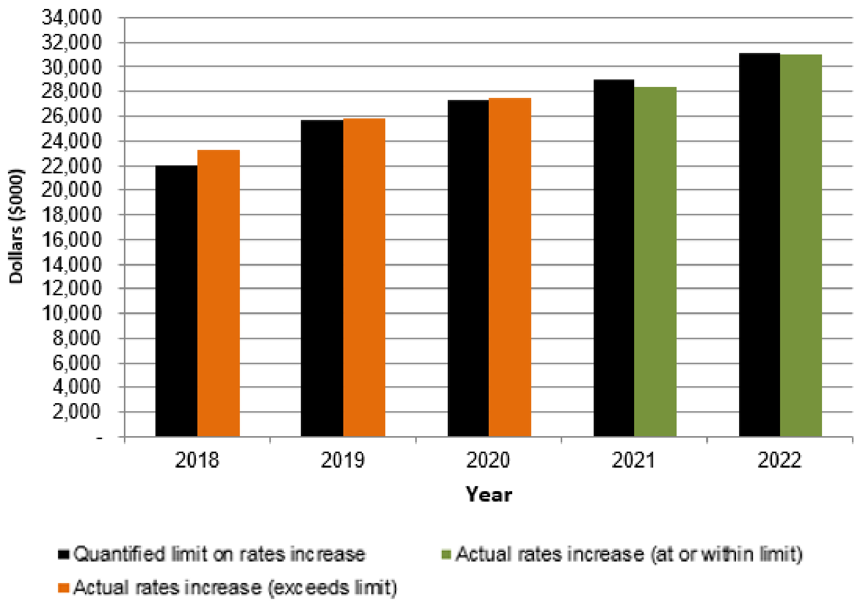
- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases

Rates (income) affordability

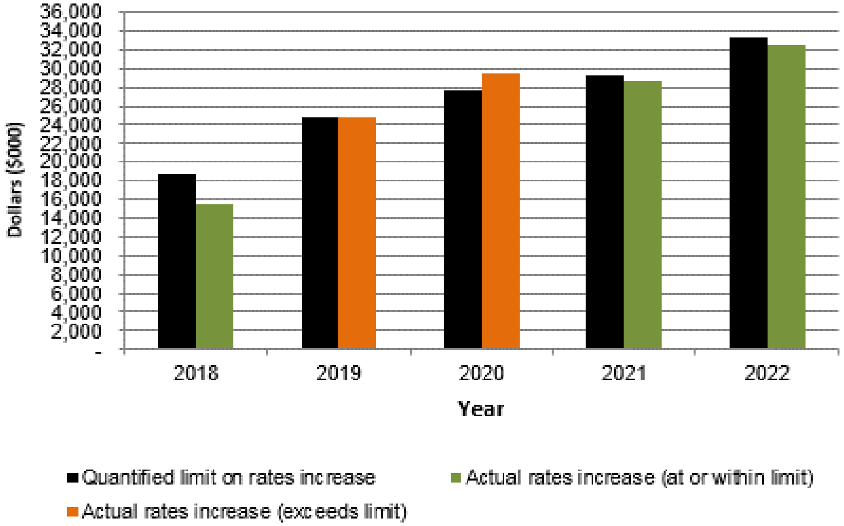
The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars. The quantified limits for rates are from long-term plan 2021-2031.

Quantified limit on rates	2018	2019	2020	2021	2022
	$000	$000	$000	$000	$000
General rates	21,988	25,728	27,285	28,934	31,118
Targeted rates	18,669	24,780	27,526	29,202	33,212
Planned rates	**40,657**	**50,508**	**54,811**	**58,136**	**64,330**

General rates



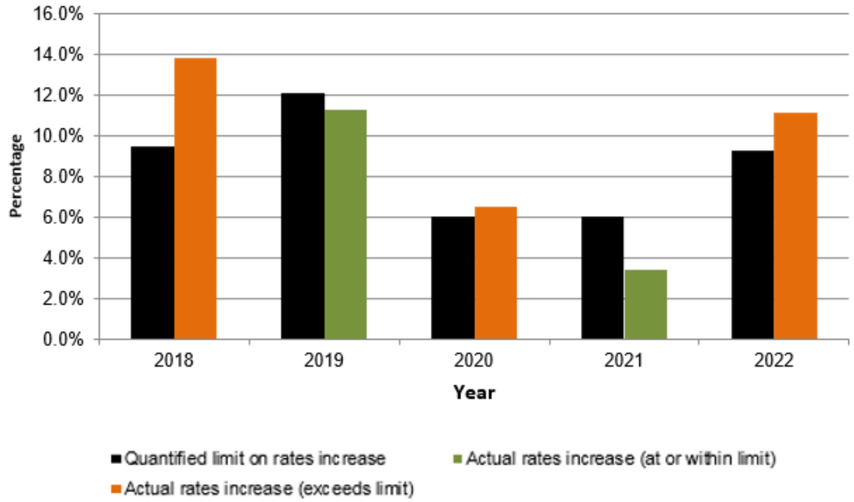
Targeted rates



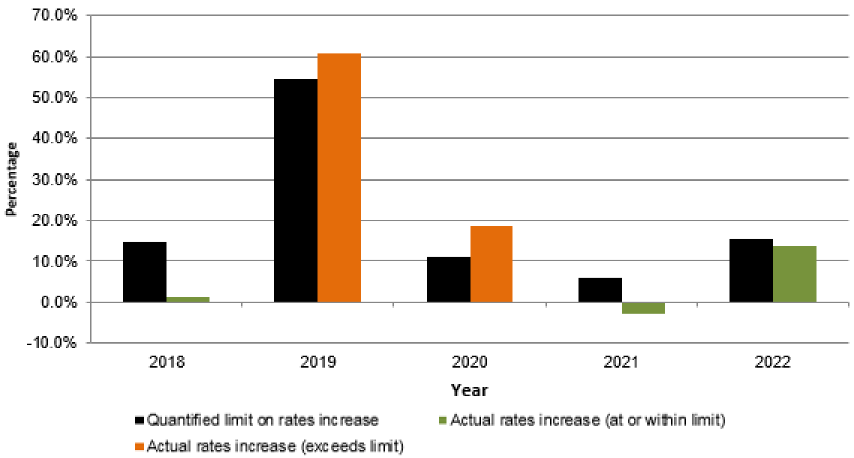
Rates (increases) affordability

The following graphs compare the Council's actual rates increases, with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan 2021 - 2031. The quantified limit is set for each financial year and measured as percentage rate rise from the prior financial year.

General rates



Targeted rates



Debt affordability benchmark

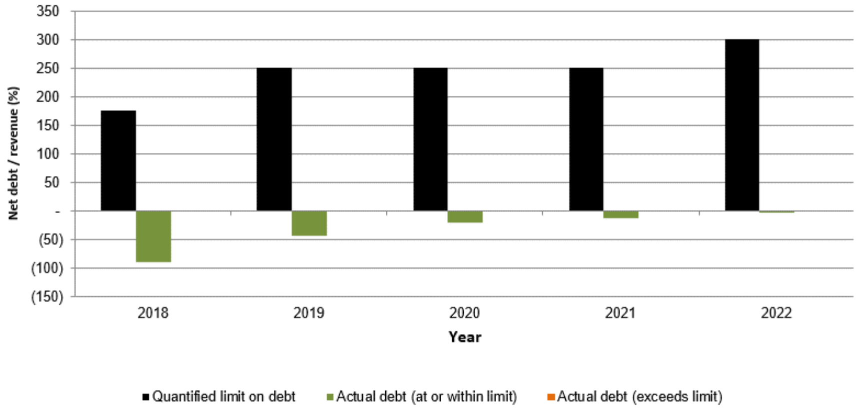
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP. The quantified limit is set for borrowing within the following macro limits:

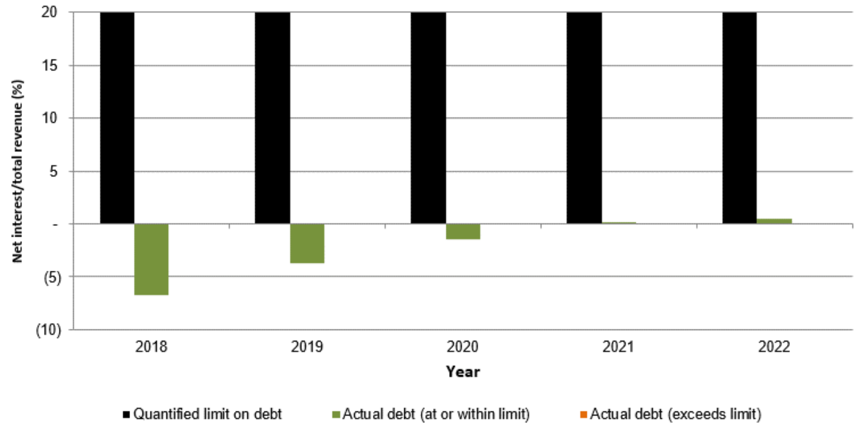
Finance covenant [1]	Limit
Net debt [2] / Total revenue[3]	<300%
Net interest / Total revenue	<20%
Net interest / Annual rates revenue	<30%
Liquidity [4]	>110%

1. Financial covenants are measured on Council only, not the consolidated group.
2. Net debt is defined as total debt less liquid financial assets and investments.
3. Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (eg: vested assets).
4. Liquidity is defined as external debt plus committeed loan facilities plus investments divided by exernal debt.

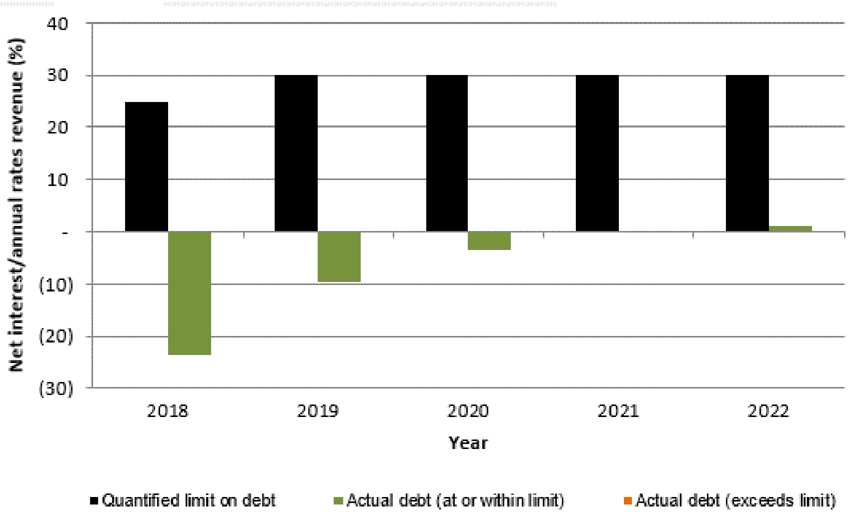
Net debt / total revenue



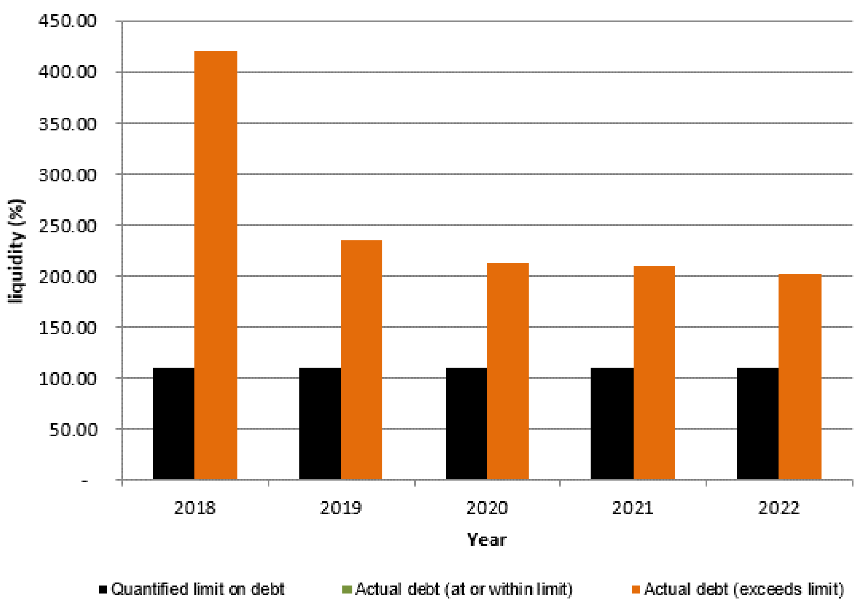
Net interest / total revenue



Net interest / annual rates revenue



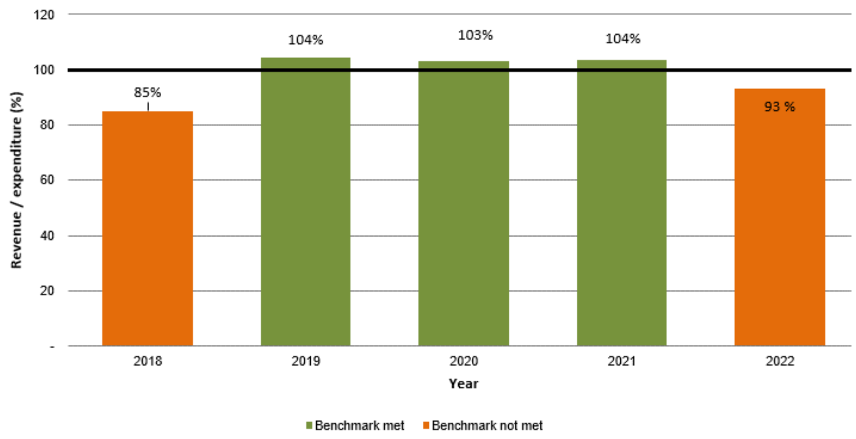
Liquidity



Balanced budget benchmark

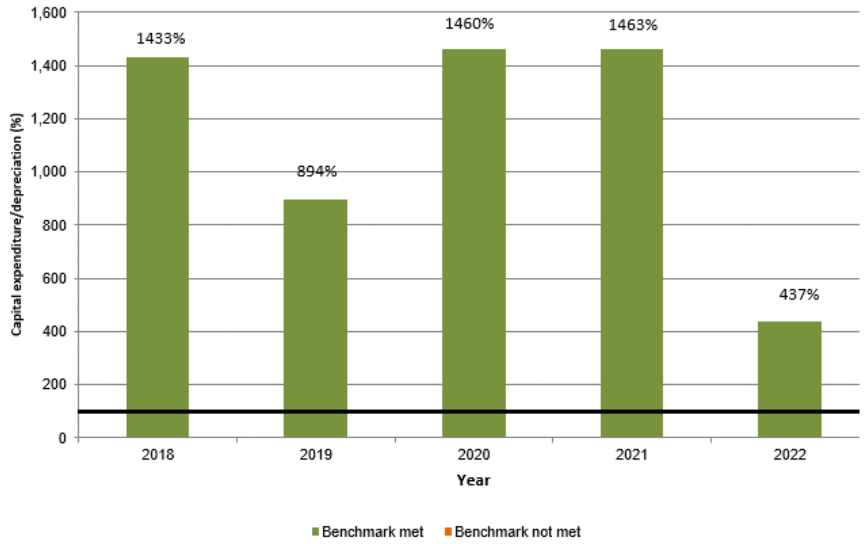
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets this benchmark if revenue equals or is greater than its operating expenses.



Essential services benchmark

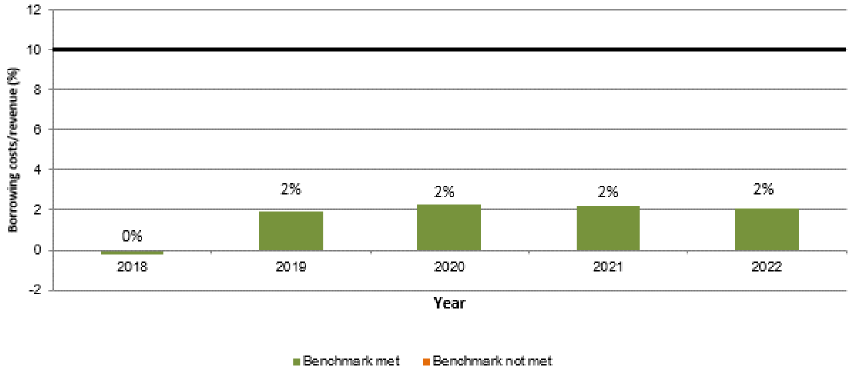
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals, or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

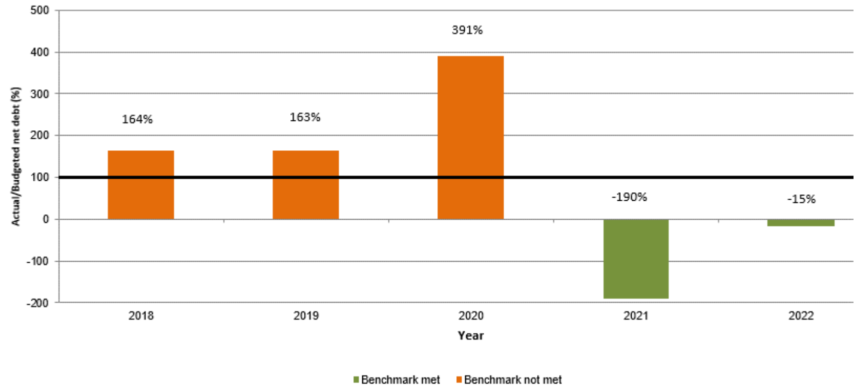
Because Statistics New Zealand projects the Council's population will grow *more slowly* than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 % of its revenue.



Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

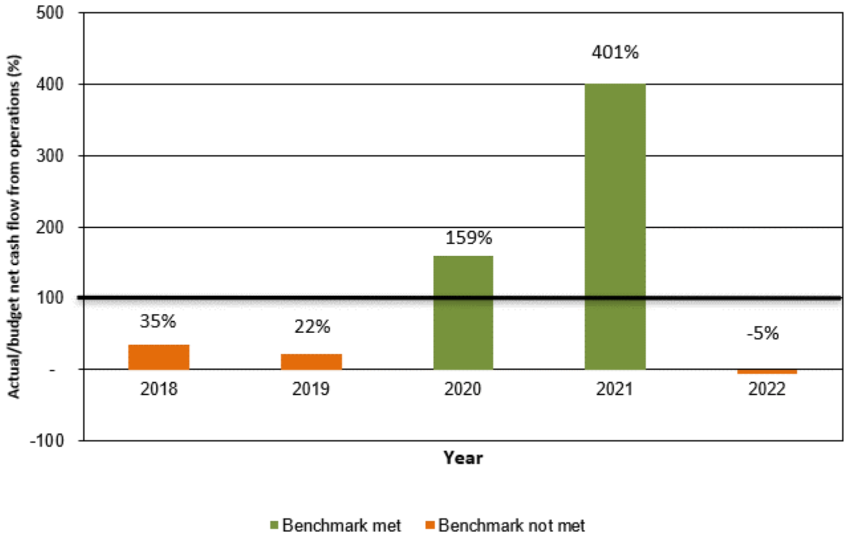
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Statement of Compliance

Compliance

The Council and management of Bay of Plenty Regional Council confirm that all statutory requirements in relation to this Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of the Bay of Plenty Regional Council accept responsibility for the preparation of annual financial statements and the judgements used in them, and hereby adopt the financial statements as presented. They also accept responsibility for establishing and maintaining a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting. In the opinion of the Council and management, the annual financial statements for the year ended 30 June 2022 fairly reflect the financial position, financial performance and service performance achievements of the Bay of Plenty Regional Council and Group.

Douglas Leeder
Chairman

22 December 2022

Fiona McTavish
Chief Executive

22 December 2022

Independent Auditor's Report

To the readers of Bay of Plenty Regional Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Bay of Plenty Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 22 December 2022. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 80 to 168 and page 170:
  - present fairly, in all material respects:
    - the Regional Council and Group's financial position as at 30 June 2022;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 169 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan;
- the Service Delivery Performance measures on pages 16 to 46:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 53 to 64, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 53 to 65, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 171 to 177, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council audited information and, where applicable, the Regional Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Groups of activities Performance measures, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 15, 47 to 52, 66 to 79, 178, 183 to 183 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of Councils Debenture Trust Deed, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Ngā reo kōrero

Your representatives

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.

From left: Jane Nees, Norm Bruning, Andrew von Dadelszen, Stuart Crosby, David Love, Paula Thompson, Stacey Rose, Lyall Thurston, Kevin Winters, Doug Leeder, Bill Clark, Te Taru White, Matemoana McDonald and Toi Kai Rākau Iti.

BAY OF PLENTY REGIONAL COUNCIL TOI MOANA

www.boprc.govt.nz