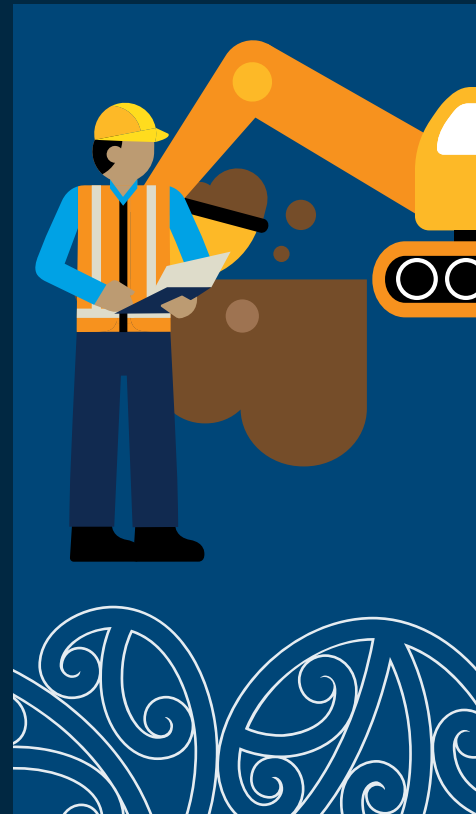


Pūrongo ā-tau **Annual Report 2022/23**



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 mārāma 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 Waihi 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.*



Te rārangi kaupapa

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Ko wai mātou, ā, he aha ā mātou mahi **Who we are (and what we do!)**

Regional councils have different responsibilities to city and district councils. We have a strong focus on the environment and work to achieve our four Community Outcomes for the environmental, economic, cultural and social wellbeing of our community. Below are some of the activities we carry out in relation to our Community Outcomes.

He taiao ora **A healthy environment**

.....

Through our **Planning, Resource Regulation and Monitoring** and **Catchment Management** Group of Activities, we help protect native biodiversity and biosecurity and also monitor compliance of resource consents and air quality as well as our geothermal systems.



Te mana o te wai **Freshwater for life**

.....

Through our **Catchment Management, Support Services** and **Democracy, Engagement and Planning** Group of Activities, we help to maintain and improve water quality, provide technical advice and analysis, and set key environmental rules in relation to our rivers, lakes, and streams.



Kia haumarū, kia pakari te hāpori **Safe and resilient communities**

.....

Through our **Flood Protection and Control, and Regional Flood Risk Co-ordination, Emergency Management** and **Resource Regulation and Monitoring** Group of Activities, we manage a number of defences against flooding and help administer and co-ordinate a range of civil defence services with key partners. We also provide education on, and enforce, key water-related safety laws.



Toitū te rohe **A vibrant region**

.....

Our **Transportation and Urban Planning** and **Democracy, Engagement, and Planning** Group of Activities run bus services across the region and work with our diverse communities to ensure their voices are heard in our work, and that the democratic process is maintained.



Ngā kaupapa e tautokohia e āu reiti

The work your rates help fund



Natives seedlings planted for environmental protection

1.3+ M



Visitors to Regional Parks

99,288



Spoke with

4,200

harbour and lake users to educate them and keep them safe

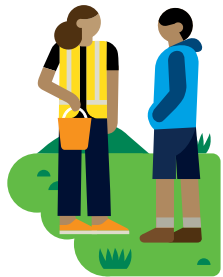
Pollution hotline calls responded to

2,300+



Number of public transport trips taken

2.73 M



Volunteer groups or projects supported

100+



Water samples analysed under swimming sites monitoring programme

1,679

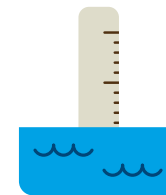


Environmental consent checks

3,962

Water monitoring sites to understand and safeguard our environment

270



Maintaining

382km

of stopbanks for flood protection



Inspections for pests

4,694

Latest annual figures

Te ahunga whakamua **Our strategic direction**

This strategic direction was established as part of Council's 2021-2031 Long Term Plan.

OUR COMMUNITY OUTCOMES



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.



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



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



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



*Enabling democratic
decision-making*

Te timatatanga **Introduction**

From the Chair and Chief Executive

We are pleased to present our Annual Report for the year ended 30 June 2023 (2022/23). The report discloses Bay of Plenty Regional Council's performance for the period against what was forecast in year two of the 2021 – 2031 Long Term Plan.

In October 2022, a new Council was elected and we welcomed four new councillors. There is a renewed way of working and a fresh approach to how we make decisions for our region. Already, this new council has developed a refreshed strategic direction to guide the next few years with heightened emphasis on future ready communities, sustainable development and Te Ara Poutama (The Pursuit of Excellence). This refreshed approach will be consulted on and finalised through the Long Term Plan process.

Operating environment

Council continued to operate in a tough economic environment during the year.

Throughout Council we continued to focus on improving operational efficiency, however we ultimately faced ongoing challenges presented by the global financial environment. These challenges undermined post-Covid 19 economic recovery and prolonged nervousness among organisations, both public and private, and the supply chain. This has resulted in continued increases in operating costs, for example construction materials and a constrained labour market, and created an economic environment with stubbornly high inflation and interest costs.

The tangible impacts of climate change, as evidenced by cyclones Hale and Gabrielle at the beginning of 2023, has seen more than \$13 billion of damage to central and local government infrastructure.

These adverse weather events had, and continue to have, significant impacts in the Bay of Plenty. This past year has seen record high levels for several rivers as well as historically high flood warnings and rainfall levels.

A stark illustration of this impact is both Lake Rotoma and Rotoehu experienced significantly higher than normal lake levels as they do not have natural surface outflows. Lake Rotoma has risen four metres and Lake Rotoehu has risen two metres. This has affected many property owners, and Council staff continue to monitor the situation and engage with the communities around the lakes.

Responding to these weather events, Council flood control infrastructure was fully utilised on many occasions to manage potential flood situations with corresponding additional operating costs incurred to meet levels of service across the Council's rivers and drainage schemes.

The legislative environment in which Council operates also changed substantially. Key pieces of legislation that became law during the year includes the Water Services Entities Act 2022, Spatial Planning Act 2023, and the Natural Built Environment Act 2023. Alongside this the Future for Local Government Review was completed and the report released in June 2023.

It is against this backdrop that Council is in the process of developing its 2024–2034 Long Term Plan.

Work programme

Despite these challenges we're pleased to report that steady progress was made across all areas of Council's work programme. We achieved 33 of the 45 performance targets (73%) that were set through our LTP.

Some highlights include:

- A five-year partnership agreement with Putauki Trust. This provides for the restoration of several sites with high cultural and biodiversity values. Restoration work will seek to reduce pest plants within wetlands, ponds and a geothermal area, and enhance the biodiversity within each site. To improve the ecological health of Waihi Estuary, Council has partnered with Te Wahapu o Waihi to return 30 hectares of low-lying farmland to coastal wetland.
- The first Community-led Adaption project, the Maketū Climate Change Adaption Plan was completed. The Maketū Iwi Collective led the development of this plan with the community. This plan won the NZPI's Best Practice Award for Non-Statutory Planning, and the 2023 Nancy Northcroft supreme planning award for Aotearoa.

- More than 3,000 native trees and shrubs were planted as part of the Te Pourepo o Kaituna wetland creation project. This is a staged restoration project which is converting 70 hectares of grazing land beside the lower Kaituna River back to wetland. This involved volunteers from nine Western Bay of Plenty schools. The planting as part of a series of field days at the Kaituna wetland. This was organised in partnership with Maketū Ōngātoro Wetland Society and in collaboration with Ngāti Whakaue, Tapuika and Department of Conservation.

Many of these targets were set as aspirational levels and significant progress was made even though the target was not achieved. In particular, control of wallaby populations outside progressive containment areas. With a continued focus on this work by the end of June 2023 the result was 71% (2022, 57%) against a target of 80%.

During the year the public transport services were reviewed and refined to optimise the services provided. The target to increase public transport trips within the region from the previous year has proved challenging in recent years. However, this year there was a total of 2.73 million trips (2022, 2.25 million) an increase of approx. 480,000 trips from last year which is a significant achievement.

Council continued to deliver its core functions, processing resource consents, monitoring air quality, and responding to requests through the pollution hotline. Maritime operations continued to ensure the safety of people on the water and protect our maritime environments from oil spills.

Financial management

Prudently managing Council's assets and finances is critical to maintaining sustainable services into the future. Council's investment arm, Quayside Holdings Limited has been fundamental to this through its contribution of \$42.5 million during the year. This has reduced general rate by an average of \$365 (including GST) per property in the region.

Council retained its AA credit rating which reflects its prudent financial management, balancing the challenges of maintaining levels of service in an environment of escalating costs and cost of living pressures faced by the community. However, Council is now on credit watch given its levels of debt which is a focus for the new council.

Council have delivered an operating deficit of \$4.4 million for the year, against a budgeted deficit of \$11.2 million. Revenue during the year was \$172.4 million

compared to a budget of \$163.8 million. Operating expenditure was \$177.2 million compared to budget of \$175.0 million. Whilst there was an overspend in operating expenditure, the higher level of revenue has been the main contributing factor to a lower than planned deficit.

Capital expenditure was \$15.4 million compared to a budget of \$34.3 million. A number of projects have been rescheduled to future years due to the adverse weather events during the 2022/23 financial year.

Council has recognised early the need to reprioritise resources to respond to the adverse weather events as well as reducing spending where it was prudent to do so.

Looking ahead

Looking forward, macro-economic conditions nationally and globally will continue to pose risks around whether levels of service can be sustained without significant additional expenditure. Council remains focussed on keeping a tight rein on finances and looking for more opportunities to improve our efficiency and performance.

This will be achieved through a continued pragmatic approach to managing operational and capital work programmes. In developing our next Long Term Plan for 2024–2034 over the next few months, Council will scrutinise and prioritise its expenditure to balance levels of service and affordability for our communities aligned to this new strategic direction.

Close attention will be paid to the incoming Government's policy priorities and the potential impact they will have on the local government operating environment. Council needs to be ready and able to influence and anticipate change.

Our sincere thanks to elected members for their direction and staff for their expertise and willingness to work as a team for the benefit of all Bay of Plenty region residents.
























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 haumarū, 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	 Air Quality  Resource Consents  Regulatory Compliance		 Maritime Operations	
Transportation and Urban Planning				 Public Transport  Transport and Urban Planning
Democracy, Engagement and Planning	 Environmental Strategy  Policy and Planning			 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:

- **Climate Change Regional Risk Assessment** – This year Council completed a major piece of work in the Climate Change Risk Assessment for the region.

This work provides a regional overview of climate risks to:

- establish a common baseline for the region,
- support planning by a range of parties,
- raise community awareness of risk, and
- support subsequent detailed local risk assessments.

The process involved identifying a long list of risks through surveys, workshops and online hui, which then underwent a technical risk assessment through a series of workshops with subject matter experts. The outputs are in three volumes: a regional overview, district summaries, and sector summaries. The Bay of Plenty Regional Climate Change Risk Assessment was publicly released at the Mayoral Forum on 21 April. The Mayors welcomed the regional risk assessment as an important resource for the region, providing a comprehensive baseline to inform future work. These assessments are available on the Council website.

- **Community-led Adaptation Planning** – This initiative, under the Climate Change Programme, seeks to support communities who are ready to begin the first steps in their own adaptation planning. A total of seven projects have now been funded across the first two years of the initiative.

The first project to complete led by Ngāti Whakaue was recognised with two awards by the New Zealand Planning Institute, the best non-statutory plan and the Nancy Northcroft supreme planning award for 2023. With their adaptation plan now complete the project is moving into implementation. The second and third projects funded, with Ngāi Tamawhariua and Te Upokorehe Iwi, are close to completion.

Newly funded projects this year include: Ngāti Ranginui who will be completing a case study risk assessment for three marae within their rohe, Motuhoa Island Trust who are evaluating what is at risk for their island community from climate hazards and developing adaptation options and Waihī Beach Surf Lifesaving Club who are seeking to understand the impacts of predicted climate changes and develop a plan to enable Waihī Beach Lifeguard Services to continue to provide essential services to the community.

- **Blue Carbon Building Blocks** – ‘Blue carbon’ refers to carbon captured by the world’s ocean and coastal ecosystems. Blue carbon projects focus on restoration of coastal ecosystems with the aim of reducing greenhouse gas emissions, and/or enhancing the removal of these gases. This can be achieved by re-wetting and revegetating tidal wetlands or preventing intact tidal wetlands becoming degraded.

This year we completed the assessment and mapping of potential saltmarsh habitat restoration sites in the region and reported this as an environmental publication (Crawshaw & Fox, 2022). There are 4,888 hectares of land identified within the “potential saltmarsh habitat” range, with 3,288 hectares of this currently in pastoral land use. Along with mapping potential habitat, we are working to understand potential carbon sequestration in these habitats. Council has contracted NIWA to provide training for staff in blue carbon coring methods and to analyse blue carbon samples (soil cores) collected from three intact salt marshes in Tauranga Harbour. Fieldwork was completed by NIWA and council staff in May, and samples have been sent to NIWA and ESR labs for analysis. This work complements other work being undertaken in restoration sites such as Wainui Repo Whenua (Sargent Drive) by University of Waikato; and within Nukuhou (Ōhiwa Harbour) and Athenree (Tauranga Harbour) saltmarshes as part of the Future Coasts Aotearoa (Future Coasts Aotearoa | NIWA).

- **Internal Emissions** – Council has a target of net zero emissions by 2050. We have completed a three-year project to quantify and understand our emissions. These emissions stand at 1,114 tonnes of carbon equivalent per annum. We have now implemented a monthly monitoring system to allow us to be more agile in understanding and responding to our emissions. This system allowed us to identify a spike in emissions in winter 2022, driven by prolonged periods of extreme wet weather. The heavy rainfall drove energy demand to power drainage and flood pumps.

Looking forward, we are now in a position to develop a pathway to net zero emissions. Our Council car fleet is becoming increasingly electrified with 21 electric vehicles now in use, or 14% of the fleet. As we progressively electrify this fleet we will address our main source of emissions. We are also investigating how to electrify our drainage pumps to address this area of unpredictable emissions. Finally, sequestering carbon through our land management activities, will be an important part of meeting our net zero goal.



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:

- **Memorandum of Understanding (MOU) between Toi Moana, Project Parore (not for profit community group based in Katikati) and the three Northern Hapū of Tauranga Moana** (Te Whānau a Tauwhao ki Ōtāwhiwhi, Ngāti te Wai ki Tuapiro, and Ngāi Tamawhariua ki Te Rereatukahia).

It is an operationally focused MOU which has come about from discussion of our shared goals and desire to collaborate in the environmental management/restoration space. The desired outcome is a strengthening of relationships in the Northern Tauranga Moana and ultimately better environmental outcomes.

- **Te Arawa Lakes Trust Framework Agreement** - The Trust has built an operations team with whakapapa to the Te Arawa Lakes and rohe to deliver a variety of key environmental services, including catfish surveillance and netting, pest control, weed harvesting. In May, Council agreed to a 10-year framework agreement with a maximum value of \$12 million. The agreement gives Te Arawa Lakes Trust the certainty and partnership status they seek as part of this agreement.
- **Kaimai Kaponga project** - a focus on holistic pest control over a large area in the Kaimai-Mamaku ranges. It's the first time that iwi have been formally involved in the restoration of their maunga (mountain) through the Wallaby Programme. The Tura Ngāti Te Ngākau led project is working alongside the Regional Council Toi Moana on paid conservation work to support the wallaby control aspirations of Toi Moana as part of the national wallaby control plan. For Charles Kowhai, Operations Manager, it feels very special for his iwi to be involved at this level for the first time. It allows them to reconnect to the land, which to him is an expression of mana whenua. The field team of eight (including two teams of three rostered to work on the land) are becoming personally connected to restoring their maunga and learning about their whakapapa connections to their hapū and iwi.

- **Tarawera Awa Restoration Strategy Group** - The recent Ngāti Rangitihī Treaty settlement provided for the establishment of a new Co-Governance group to support, coordinate, and promote the integrated restoration of the mauri of the Tarawera River catchment. The inaugural meeting was held February 2023 with the formal adoption of the Terms of Reference.

The group is comprised of equal iwi and council membership, appointed by Ngāti Awa, Ngāti Mākinō, Ngāti Tūwharetoa (BoP), Ngāti Rangitihī, Toi Moana/Bay of Plenty Regional Council, Kawerau District Council, Rotorua Lakes District Council, and Whakatāne District Council.

- **He Toka Tū Moana Environmental Scholarships 2023** - this year we are delighted to once again award scholarships to six students. The scholarships aim to recognise and support students who are undertaking study, research or training that contributes to the enhancement of the taiao (natural environment).





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:

- Active participation in multiple Careers Expos across the rohe was in direct response to feedback from young people that they were unfamiliar with our work or potential career paths. These events prioritised accessible, relatable and meaningful engagement resulting in face-to-face interaction with more than 2,000 young people.
- Bay of Plenty Regional Council currently supports 69 care or catchment groups, including five new care groups in the last year. During the year 5,313 volunteers participated with an estimated 58,264 volunteer hours contributed
- Provided funding for more than 68 organisations to deliver work aligned to Council's Community Outcomes. This includes 25 new community led projects approved for the Environmental Enhancement Fund (EEF). Projects include restoring native vegetation, pest plant and animal management projects.
- Elections presented an opportunity for the public to have their say. To enable this we undertook a range of initiatives, including facilitating three independently hosted "meet the candidate" events across the region in Tauranga, Rotorua and Whakatāne and advertising community organised and led 'meet the candidates' events in Kawerau, Katikati and Matatā.



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 recognize that relationships and partnerships with Māori must be a key focus and is one of our top three priorities.

Council's Partnerships with Māori Impact Statement and programme continues to be a core focus for our organisation in delivering on the Impact Statement objectives.

During 2022/23 we also supported Māori participation in decision-making processes through a range of activities including:

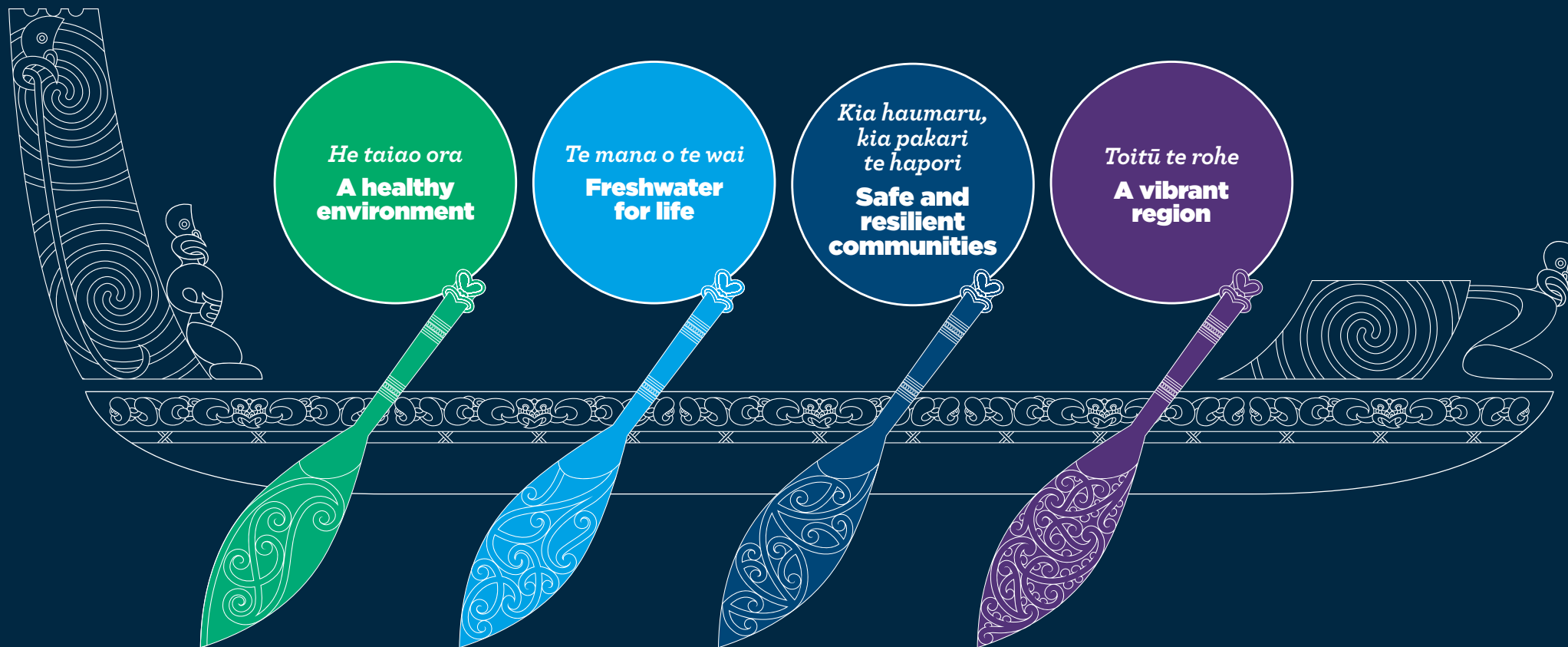
- Working collaboratively with Ministry for the Environment to assist Māori participants of the Making Good Decisions – certification for Resource Management Act decision makers. The programme facilitates practical experience (to shadow an actual Hearing Panel, observe a live hearing process and be mentored by an experienced commissioner) with a view to better position Māori Commissioners for selection in future hearing panels.
- Continued support of Statutory Co-Governance fora. Of particular note this year was the formal establishment of the Tarawera Awa Restoration Strategy Group under the Ngati Rangitahi Claims Settlement Act 2022.
- Nga 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.

The Council's strategic direction was set by Council in the Long Term Plan 2021-2031. For each of the activities required to deliver on the strategic direction key levels of service have been identified with performance measures and targets to monitor council achievement over the 10 years of the LTP. The LTP 2021-2031 was adopted by Council in June 2021 after consultation with our communities. Achievement against those performance measures and targets are provided in the Annual Report. These results are aggregated at the Council level, and do not apply to the Council's subsidiaries.



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

Council has entered into a five-year partnership agreement with Putauaki Trust. This agreement provides for the restoration of several sites with high cultural and biodiversity values present on Putauaki Farm in Kawerau. In response to their shareholders and wider whānau, Putauaki Trust trustees wish to demonstrate their kaikiakitanga and enable change for the betterment of their whānau and native species that utilize their land.

Restoration works will seek to reduce pest plants within five wetlands, two ponds and one geothermal area to enhance and improve the biodiversity values within each site. It is hoped that this first agreement is the start of a longer-term relationship between BOPRC and the Trust.

.....

Following ten years of lake weed spraying and monitoring in Lake Ōkāreka, the lake was found to be nearly completely free of freshwater pest weeds when surveyed in December. This is a significant milestone for the Rotorua Lakes Aquatic Management Plan and reflects a collaborative effort involving Toitū Te Whenua Land Information NZ, Te Arawa Lakes Trust, residents and lake users.

.....

Iwi collective Te Wahapū o Waihi and Council have partnered to purchase land to return 30ha of low-lying farmland to coastal wetland, to improve the ecological health of Waihi Estuary. This is a significant collaborative project with the shared aspiration to return mauri to the Waihi Estuary. On 20 June this significance was acknowledged with both groups coming together to karakia onsite.

The new wetland will be developed between the Pongakawa River and Pukehina Canal, on the margins of the Waihi Estuary. It will play a critical role in helping to treat agricultural drainage water from the adjacent dairy farms, to help improve the estuary's health, and improve indigenous wetland habitat and biodiversity.



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 22/23	Result 22/23	Result
57%	80%	71%	●

Commentary: The target for 2022/23 was not achieved. Progress was made since 2021/22, increasing the percentage from 57% to 71%.

This measure tracks progress in eliminating the seven satellite populations known to be present outside the Containment Area as of 1 July 2021. By the end of June 2023, one population is considered eradicated, and four more considered 'functionally eradicated', i.e. monitoring has not detected wallabies this year, or only a single animal is known to be present. Of the remaining two populations, one has control work in progress with an estimated 70% of the population removed over the last year. The final population has also had initial control completed but multiple survivors have been detected and additional work is scheduled for the 2023/24 year.

Results legend: ● Achieved ● Not achieved ● Not measured

The percentage of RPMP programmes that are on-track			
Previous year result	Goal 22/23	Result 22/23	Result
96%	85%	96%	●

Commentary: The target for 2022/23 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 2022/23 goal of 85%. No incursions of exclusion pests were detected, and there was a net reduction of 29 hectares infested by 'eradication' and 'progressive containment' pest plants.



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 22/23	Result 22/23	Result
102,250	124,068	99,288	●

Commentary: The target for 2022/23 was not achieved. The principal reason for the lower visitor numbers across both regional parks is likely due to the high frequency of rainfall and strong northerly quarter winds, underpinned by the La Nina climate driver. Both regional parks are exposed hillsides facing north and are not as pleasant under these weather conditions.

It is anticipated that the return to El Nino conditions, combined with the opening of the Pāpāmoa Hills Upgrade Project facilities in October 2023, will lead to visitor numbers rebounding in 2023/24.

Visitor satisfaction for visitors to regional parks			
Previous year result	Goal 22/23	Result 22/23	Result
98%	Not measured	Not measured	●

Commentary: Visitor satisfaction for the regional parks is monitored on a two-yearly basis. The next survey is scheduled for the 2023/24 year.

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, member 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 22/23	Result 22/23	Result
97%	95%	96%	●

Commentary: The target for 2022/23 was achieved. During the year, 96% of applications were processed within statutory timeframes. This is slightly down from the previous two years but is the third year running this KPI has been met. The volume of applications processed non-notified has decreased by around 20% on the previous two years due to a similar decrease in applications lodged.

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 22/23	Result 22/23	Result
Nil	Nil	Nil	●

Commentary: The target for 2022/23 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 22/23	Result 22/23	Result
88%	84%	87%	●

Commentary: The target for 2022/23 was achieved. During the year, 12% of resource consents applicants responded to the survey, resulting in an 87% satisfaction score. This exceeds the target of 84% and is similar to 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 22/23	Result 22/23	Result
5	<5	3	●

Commentary: The target for 2022/23 was achieved. There were just three days during the year where air quality limits (PM10 particulate levels) were exceeded in the Mount Maunganui airshed and zero days where air quality limits (PM10 particulate levels) were exceeded in the Rotorua airshed.

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 22/23	Result 22/23	Result
100%	90%	100%	

Commentary: The target for 2022/23 was achieved. All investigations of air quality exceedances commenced within 10 working days.

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 22/23	Result 22/23	Result
100%	90%	100%	

Commentary: The target for 2022/2023 was achieved. 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 22/23	Result 22/23	Result
100%	100%	100%	

Commentary: The target for 2022/23 was achieved. During the year there were two plan changes.

In August 2022, RPS Plan Change 6 (NPS-UP) was approved for notification within timeframe and without substantive changes.

During the year, RPS Plan Change 5 (Kaituna) followed the Freshwater Planning Process (FPP) requirements. The Freshwater Hearing Panel held a hearing for submitters. The Freshwater Hearing Panel recommendations were accepted by the Council and the decision was notified. No appeals were lodged and it was then approved by the Council to become Operative within the required FPP timeframe.


Environmental Strategy

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

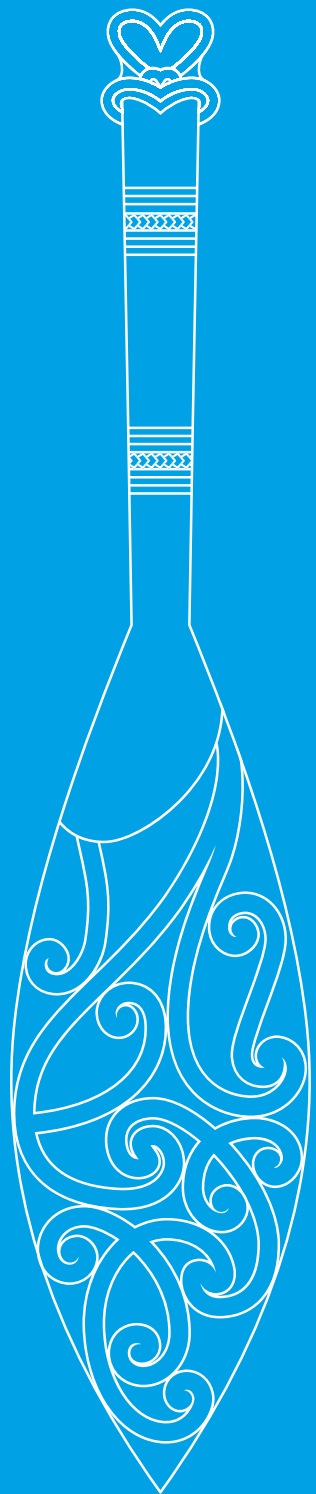
LEVEL OF SERVICE STATEMENT:

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 22/23	Result 22/23	Result
100%	90%	100%	

Commentary: The target for 2022/2023 was achieved. 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

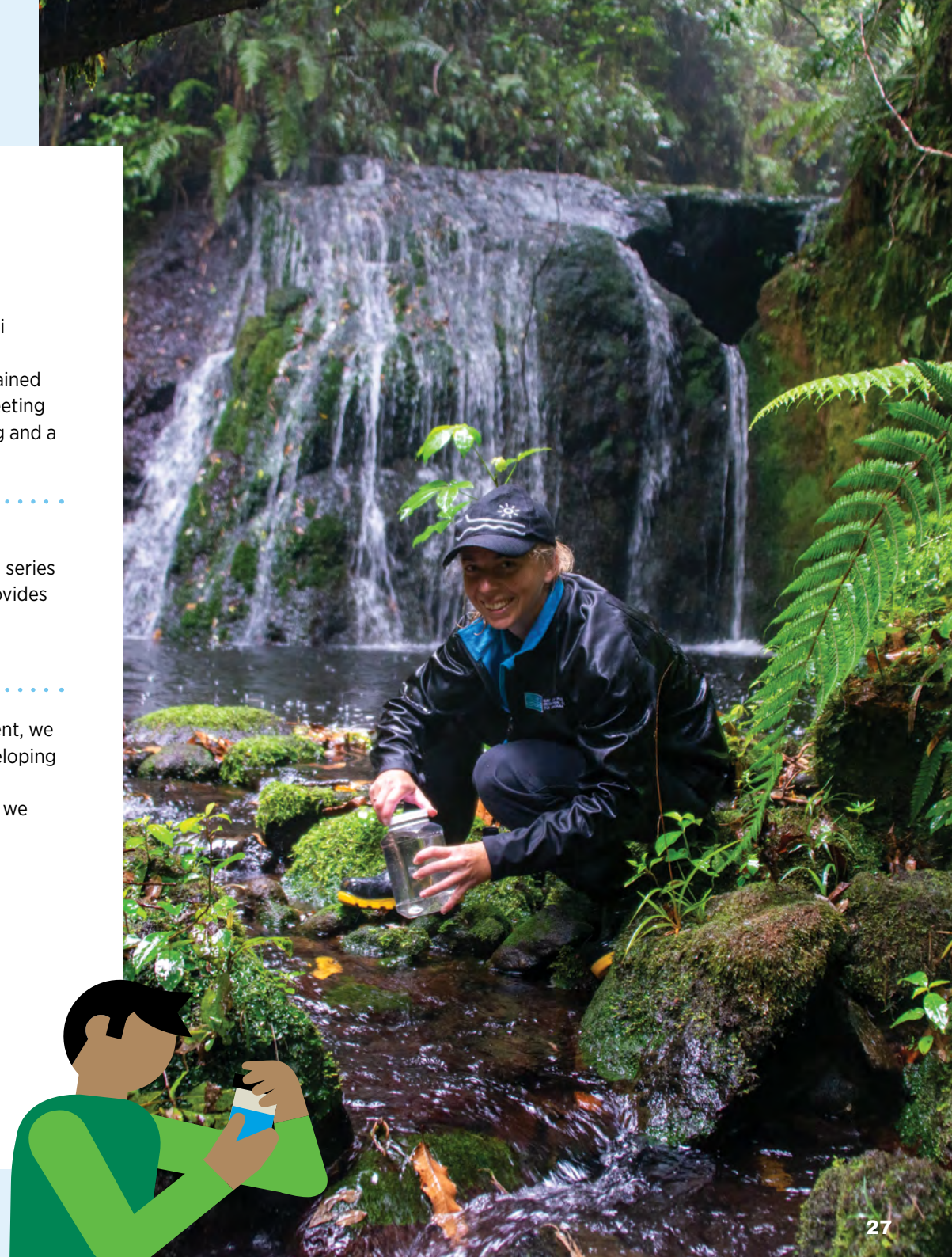
Highlights

Te Wahapu o Waihi (TWOW) is a collective of leaders from five local iwi whose vision closely aligns with that of Council to improve the water quality and health of the Waihi Estuary. The collective successfully obtained \$2.9 million of Freshwater Improvement funding and held their first meeting in December 2022. Regional Council is both the grantee for the funding and a co-funding partner.

The Tuhourangi rohe includes seven lakes within the Te Arawa Lakes Catchment Area. The Tuhourangi Tribal Authority recently completed a series of Wananga on Te Mauri o Te Wai. A report has been produced that provides guidance to Toi Moana on their freshwater values and aspirations and alignment with the Regional Plan and NPS-FM.

To implement the National Policy Statement for Freshwater Management, we have spent time this year improving our freshwater knowledge by developing Freshwater Management Unit stories, and engaging with Maori, other partners, key stakeholders and the broader community. To achieve this we held over 30 meetings/events. This included:

- Five pop up events were held at markets and community events
- Three meetings held with Freshwater Futures Groups
- Nine freshwater drop in sessions were advertised to the public. At least one was held in each of the 12 Freshwater Management Units
- Three Hui a Rohe



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 22/23	Result 22/23	Result
71%	75%	71%	●

Commentary: The target for 2022/23 was not achieved. This measure was originally defined in 2018 when there was no specification for how a site should be graded if one of the four numeric attributes failed to align (a common problem). The 2022 update of the NPS-FM resolved this problem by clarifying that the worst of the four attributes should be used to define the grade. The 2022/23 KPI update reports results for both the original method (an average of the four attributes), and the method defined in the 2022 NPS-FM update (worst case attribute).

Using the original (average) method, 17 of 24 sites (70.8%) were deemed swimmable over the 2022/23 bathing season. However, applying the updated (worst case) methodology, 9 of 24 sites (37.5%) were deemed swimmable.

The National Policy Statement (NPS) requires data to be collected weekly during the summer swimming months (October–April). There are 31 riverine swimming sites throughout the region, however this KPI uses a subset of 24 to remain consistent with the original 2018 analysis. A minimum of 60 weekly bathing samples are required to be collected from each of the specified sites.

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 22/23	Result 22/23	Result
43%	44%	46%	●

Commentary: The target for 2022/23 was achieved. 46% of the identified Priority Biodiversity Sites in the Bay of Plenty were actively managed during the year. In total, 196 sites were actively managed, meaning that actions have been taken to reduce 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 22/23	Result 22/23	Result
4	3	5	●

Commentary: The target for 2022/23 was achieved, with five of the twelve Te Arawa lakes reaching their RNRP TLI objective, and three of lakes meeting their the three-year rolling average. The lakes achieving their annual target were: Ōkaro, Ōkareka, Rerewhakaaitu Rotorua and Rotomahana.

Four of the lakes not achieving the target have a very small margin between their TLI and their TLI target (0.2 or less units) and only three (Rotoiti, 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 22/23	Result 22/23	Result
71%	75%	71%	●

Commentary: Refer to commentary under the Coastal Catchments section.

Note: This measure is also applicable to Coastal Catchments (page 28).

The percentage of all identified Priority Biodiversity Sites that are actively managed

Previous year result	Goal 22/23	Result 22/23	Result
43%	44%	46%	●

Commentary: Refer to commentary under the Coastal Catchments section.

Note: This measure is also applicable to Coastal Catchments (page 28).

Results legend: ● Achieved ● Not achieved ● Not measured

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 22/23	Result 22/23	Result
92%	91%	89%	●

Commentary: This target for 2022/23 was not achieved. There were 3,962 (3,719 in 2022) compliance assessments undertaken for consents or permitted activities, which is a 6.5% increase from the previous year. As a result the target of 4,039 assessments which represented 91% was not achieved.

The percentage of urgent complaints made to the pollution hotline that are responded to within twelve hours

Previous year result	Goal 22/23	Result 22/23	Result
100%	99%	100%	●

Commentary: The target for 2022/23 was achieved. All urgent complaints to the hotline were responded to within 12 hours. This response includes contacting the complainant as well as identifying appropriate action. The main urgent complaints were pertaining to oil in the water, wastewater overflows, sediment discharges to water and odour discharges.

The percentage of non-urgent complaints made to the pollution hotline that are responded to within three working days

Previous year result	Goal 22/23	Result 22/23	Result
99%	99%	99%	●

Commentary: The target for 2022/23 was achieved. A total of 2,299 non urgent service requests were received and 2266 were responded to within three working days. Key reason for the delay in response was the volume of customer contacts during the roll out of the rates programme. This resulted in delays in the receipt and processing of complaints.



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 22/23	Result 22/23	Result
78%	90%	100%	●

Commentary: The target for 2022/23 was achieved. A total of 18 State of the Environment reports were completed during the year. This included 13 Freshwater Management Unit summaries prepared to support community engagement as part of the implementation of the NPS for Freshwater Management.

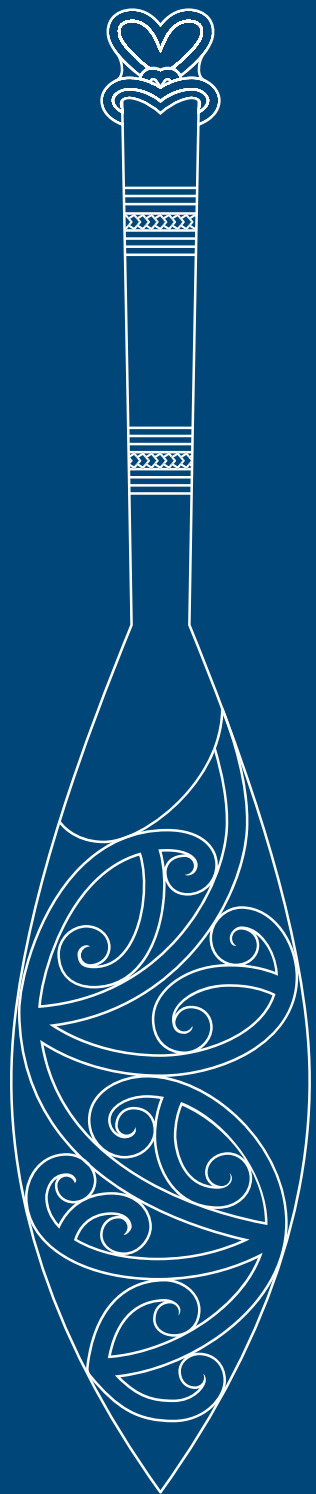
The percentage of available online real-time deliverable environmental data			
Previous year result	Goal 22/23	Result 22/23	Result
97%	95%	96%	●

Commentary: The target for 2022/23 was achieved. 96.0% of the datasets approved for publication were available online at the end of June 2023.

The percentage of designated swimming sites monitored for recreational water quality			
Previous year result	Goal 22/23	Result 22/23	Result
99%	90%	92%	●

Commentary: The target for 2022/23 was achieved but was impacted by access issues to a number of sites in the East Cape area resulting in a lower percentage than last year.





*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
haumarua 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

Following three significant rainfall events in January and February 2023 **Group Emergency Coordination Centre Staff** deployed across the North Island in support of Auckland, Wairoa, Tairāwhiti, Napier, Hawke's Bay and Central Hawke's Bay Councils and their communities.

These weather events also impacted the Bay of Plenty rohe, and while Cyclone Hale (10 January) and Cyclone Gabrielle (13-15 January) both impacted Bay of Plenty communities the worst impacts were seen during the Auckland Anniversary Weekend rain event (27-31 January 2023). In support of Bay of Plenty communities and to repair damage Council staff worked with key agencies to develop solutions and restore services. This included completing flood assessments within and outside of schemes in Kaituna and Ngongotahā areas, and staff worked alongside utility and infrastructure owners to help rectify damage to roading, rail and gas infrastructure.

The **Harbourmaster** completed the inaugural "Kia marutau ki tew ai". This is a pilot education programme which provides safer boating training specific to the needs of individual iwi and hapū.

Rotorua Lakes experienced near record levels due to rainfall events during the year. Where lakes have a natural perennial surface outflow, while levels rise they are less likely to massive fluctuations. However, Lakes Rotomā and Rotoehu do not have natural surface outflows which means the levels can fluctuate over a larger range. Over the past 12 months Lake Rotoehu has risen two metres and Lake Rotomā has risen four metres. The highest recorded lake level occurred in 1971, and current lake levels for these lakes are approx. 200-300mm below the 1971 levels. Staff continue to monitor the situation and engage with permanent residents and bach owners around the two lakes.



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 across the region. The Bay of Plenty Civil Defence Emergency Management Group (CDEM Group) Partnership Agreement (which came into force 21 June 2019) identifies the members of the CDEM Group, the Bay of Plenty Regional Council and the six district and city councils in the region, and details each member's responsibilities.

Emergency Management Bay of Plenty (EMBOP) acts as the CDEM Group Office and delivers services on behalf of the CDEM Group, including the development of plans and policies, response capability planning and hazard and risk analysis functions. This work is funded through a CDEM regional targeted rate.

The Bay of Plenty Regional Council is the Administering Authority for the CDEM 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 CEDM 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 22/23	Result 22/23	Result
52%	>52%	53%	●

Results legend: ● Achieved ● Not achieved ● Not measured

Commentary: The target for 2022/23 was achieved. Regional Council currently has a total roster of 90 staff members. There are:


- 48 (53%) staff on its roster that are trained and have attended a CDEM activity in the last 12 months; and,
- 15 (additional) staff on its roster that are trained but are yet to attend a training exercise.

Percentage of residents that have a good understanding of what the effects would be if a disaster struck their area

Previous year result	Goal 22/23	Result 22/23	Result
Not measured	80%	79%	

Commentary: The target for 2022/23 was not achieved. While the target was not achieved the Bay of Plenty disaster preparedness survey results showed that a high proportion (79%) of survey respondents understood the types of disasters that could affect the Bay of Plenty and the effects from those disasters.

Percentage of residents that have taken any action to prepare for an emergency

Previous year result	Goal 22/23	Result 22/23	Result
Not measured	80%	83%	

Commentary: The target for 2022/23 was achieved. The survey revealed the level of action taken to prepare for an emergency included:

- Discussion or planning what to do with their household in an emergency and having emergency supplies
 - Storing 9 litres of water
 - Having a getaway bag
 - Checking their survival items in the past year.
- Discussion and planning with their household what to do if not at home.


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 22/23	Result 22/23	Result
100%	85%	121%	

Commentary: The target for 2022/23 was achieved. The expenditure for 2022/23 exceeded the budget amount to maintain the agreed level of service. This is due to the unusually heavy rainfall experienced over the past year, which has led to substantial pumping expenses.

Percentage of renewals completed in accordance with the Rivers and Drainage Asset Management Plan

Previous year result	Goal 22/23	Result 22/23	Result
75%	75%	32%	

Commentary: The target for 2022/23 was not achieved. The budget for the year 2022/23 consisted of several multi-year projects. However, certain key projects encountered delays for various reasons, leading to either missed construction windows or delays to construction commencement for the physical works. Challenges were faced with working in with our project partners timeframes, consultant delivery, extended resource consent processes, engaging with landowners and securing contractors during this period.

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 22/23	Result 22/23	Result
100%	100%	100%	●

Commentary: The target for 2022/23 was achieved. There were 105 (44 in 2022) flood warning messages issued across the region during the year. This is an increase of 138% from the previous year. All warnings were in accordance with the flood warning manual.



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 22/23	Result 22/23	Result
100%	95%	100%	●

Commentary: The target for 2022/23 was achieved. There were 35 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 22/23	Result 22/23	Result
100%	95%	100%	●

Commentary: The target for 2022/23 was achieved. There were 13 oil spills outside Tauranga that required a response during the year. Actions were taken within two hours for all 13 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 22/23	Result 22/23	Result
100%	95%	100%	●

Commentary: The target for 2022/23 was achieved. Each site had at least one vessel in operational readiness with the ability to respond to any maritime emergency. This status was maintained throughout the year.

The percentage of navigation aids of “good” quality or higher			
Previous year result	Goal 22/23	Result 22/23	Result
99.9%	95%	99%	●

Commentary: The target for 2022/23 was achieved. During the year, 99% of the navigational aids were rated as good quality or higher. There are 835 navigational aids throughout the region maintained by the Council, of which 828 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

Youth Engagement Plan – implementation of this plan continued throughout the year. This plan aims 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. Activities included:

- Attendance at the Tauranga Canvas Careers Expo and Edgecumbe Careers Evening to highlight the mahi of Toi Moana.
- Establishment of a partnership with EastBay REAP to support a freshwater programme (Wai Ora)
- Assisting with a Sea Week event in Ōhope
- Launch of a refreshed teaching resource ‘Life’s a Beach’.

.....

A review of the bus routes was completed to address known challenges experienced by customers and to meet demand. Public consultation was undertaken in April 2023. The feedback was considered and incorporated into the proposal. The implementation of the new bus routes is planned to commence in September 2023.

Bus patronage has increased by 21% from the 2021/22 year.

.....

Te Arawa Lakes Trust Framework Agreement. The 10-year Framework Agreement represents a continuation of the current working relationship between Te Arawa lakes Trust (TALT) and Council and provides certainty for TALT to facilitate continued capability building within biosecurity work.



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 Operations, 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 22/23	Result 22/23	Result
2.25m	>2.25m	2.73m	●

Commentary: The target for 2022/23 was achieved. There were 2.73 million trips taken in the region this year, which represents a 21.3% increase from 2022/23 target.

Customer satisfaction of bus users

Previous year result	Goal 22/23	Result 22/23	Result
Not measured	80%	68%	●

Commentary: The target for 2022/23 was not achieved. Customer satisfaction is down from the 80% achieved in 2020. The main reasons for the decline in satisfaction were related to service punctuality and reliability in Tauranga, which was impacted by the reduced timetable for much of the 2022/23 year. Plans are in place to address these issues and another survey will be completed later in 2023.

Results legend: ● Achieved ● Not achieved ● Not measured

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 22/23	Result 22/23	Result
100%	90%	100%	●

Commentary: The target for 2022/2023 was achieved. The NZIER report revealed all reports are satisfactory or higher.



Māori Policy

The Māori Policy activity provides strategic advice, support and leadership on Māori i 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 can 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 22/23	Result 22/23	Result
6	>6	10	●

Commentary: The target for 2022/23 was achieved. The formalisation of four new arrangements during the year has increased the total to 10 shared decision-making arrangements. The new additions were:

- The establishment of the Tarawera Awa Restoration Group,
- Signed Memorandum of Understanding (MOU)- with Northern Tauranga Moana-Ngā Hapū, Project Parore. This is an operationally focussed MOU which has evolved from discussions of our shared goals and desire to collaborate in the environmental management/restoration space.
- Te Arawa Lakes Trust Framework Agreement. The 10-year Framework Agreement represents a continuation of the current working relationship between Te Arawa Lakes Trust (TALT) and Council and provides certainty for TALT to facilitate continued capability building within biosecurity work.
- Te Wahapu o Waihi – Council and iwi collective Te Wahapū o Waihi have partnered to return 30ha of low-lying farmland to coastal wetland to improve the ecological health of Waihi Estuary.

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 22/23	Result 22/23	Result
100%	90%	100%	●

Commentary: The target for 2022/23 was achieved. There were seven EEF projects completed during the year. All of these projects achieved the measured goals.

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

Previous year result	Goal 22/23	Result 22/23	Result
1:1.61	1:1.5	1:0.85	●

Commentary: The target for 2022/23 was not achieved. Seven projects which received \$135,799 in council funding were completed during the year. Based on the living hourly wage (\$23.65) these volunteer hours equate to \$115,128 in value. When added to the EEF grants over \$250,927 in value was delivered to the community.

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 22/23	Result 22/23	Result
0.60	>0.60	0.67	●

Commentary: The target for 2022/23 was achieved. Providing demographic data is optional for participants in online engagement processes. Each project is independent of the other with different communities of interest impacted by each decision. These indices act as prompts for staff to design processes that meet the needs of our diverse communities. Feedback is also gathered verbally at events, by email and in hardcopy format where demographic data is not necessarily gathered.

The Tauranga Bus Network Refresh and the Navigation Safety Bylaw proposals for the Kaituna are geographically specific and so have a low geographic index of 0.11 and 0.29. This is to be expected. The School Sustainability and Resilience Fund was a participatory budgeting process, open to the whole region but targeting school communities. The ethnicity index of 0.85 highlights the broad appeal of this topic to the community. Monitoring and reporting on these indices long term helps build better understanding of who is taking part in council engagement processes and where further work is required.



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 22/23	Result 22/23	Result
100%	100%	100%	●

Commentary: The target for 2022/23 was achieved. There were 68 meetings and all agendas were available 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 22/23	Result 22/23	Result
93%	95%	90%	●

Commentary: The target for 2022/23 was not achieved. There were 63 relevant meetings of which there were six instances where minutes were published outside of this timeframe. These instances were due to increased workloads during election and post-election periods.

Percentage of reports on Council agendas that are public excluded

Previous year result	Goal 22/23	Result 22/23	Result
10.4%	<10.4%	11%	●

Commentary: The target for 2022/23 was not achieved. There was a total of 444 Council reports included in Council meeting agendas, of this 47 (11%) Council reports were publicly excluded. This measure is dependent on the nature of matters before Council. In all cases where an item is publicly excluded valid reasons for the exclusion are made publicly available.

Percentage of Regional Council and Committee meetings live streamed to members of the public via a public website

Previous year result	Goal 22/23	Result 22/23	Result
85%	90%	91%	●

Commentary: The target for 2022/23 was achieved. There were a total of 33 Regional Council and Core Committee meetings held during the year, of which 30 (91%) were livestreamed. Council and Council Committee meeting are live-streamed as a matter of course. In some cases where meetings are held 'off-site' live streaming facilities may not be available.

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. Work includes projects to support the transition to 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 22/23	Result 22/23	Result
73	>73	74	●

Commentary: The target for 2022/23 was achieved. Jobs for Nature funding created 50 jobs. Council funding for Te Arawa Lakes Trust Te Papa Ahurewa and Toi Kai rawa created a further three jobs. A further 11 jobs were created through the climate resilient projects and 10 were created for the Pāpāmoa Hills Park.



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 22/23	Result 22/23	Result
10.5% increase	5% reduction from prior year	52% increase from PY	●

Commentary: The target for 2022/23 was not achieved. The internal greenhouse gases emission accounting work identified the total council emissions for the year had increased by 52% from the previous year. This is primarily due to the increased operation of flood pumps as a result of significant wet weather events that occurred during the year.

GHG (Greenhouse gas) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

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

Catchment Management includes the Biosecurity, Regional Parks, Rotorua Lakes and Coastal Catchment Management activities.

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 improvement of water quality in Focus Catchments. This includes the swimmability of rivers, and the ecological health of waterbodies within the region.

We also work to protect and manage a range of the region's biodiversity and carry out significant environmental enhancement projects. This includes wetland creation and re-connecting waterbodies. Pest control work ensures animals do not cause harm or nuisance to residents or visitors.

This also helps to protect ecosystem services (e.g. pollination, soil quality, clean water) which support our environmental interests across the region.

Our regional parks also protect areas of significant environmental value and helps to attract people and activities to 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



Flood Protection and Control

Flood Protection and Control includes the management and operation of the Rivers and Drainage Schemes and the Regional Flood Risk Coordination.

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 is achieved through 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.



Resource Regulation and Monitoring

Resource Regulation and Monitoring includes the resource consent process, regulatory compliance, air quality monitoring and maritime operations.

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

Activity	Measure
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

We support environmental wellbeing through our resource consents activity which ensures that consideration is given to environmental and cultural issues when sustainable resource management decisions are made. It also ensures that the rules are applied appropriately to optimize long term productivity of land.

The regulatory compliance team monitors compliance with resource consents and permitted activities and responds to complaints received on the pollution hotline. The air quality activity runs programmes to improve the region's air quality.

The maritime team assists with the social wellbeing by keeping people safe on the water by providing 24/7 navigation safety and oil spill response across the region.



Transportation and Urban Planning

Transportation and Urban Planning includes public transport and transport 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

The public transport and transport planning services offer social, environmental and economic wellbeing by improving accessibility to employment, education and essential services for the community as well as helping to 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 decrease carbon emissions.



Democracy, Engagement and Planning

This group of activities includes community engagement, Māori policy, policy and planning, regional development and governance services.

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

Activity	Measure
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 through the provision of policy analysis, and developing plans. This includes a focus on climate change, sustainable use of resources including fresh water, air quality and coastal management.

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

The community engagement activity supports the environmental and social wellbeing by building awareness, involvement, engagement, education and accountability.

The regional development activity works to help stimulate the regions economic growth.

The governance activity contributes to social wellbeing through the support of open and transparent governance. This enables the community to better understand and participate in Council processes and help deliver outcomes that support the region.



Emergency Management

This group of activities is focused on the provision of emergency management services in the region.

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

Emergency Management indirectly supports all four aspects of community wellbeing by building resilience in the community and ensuring Council is prepared in an emergency. This is achieved through the establishment of systems and plans, and the provision of training and information. This preparation helps the community remain safe during emergency situations.



Support Services

This group of activities includes technical support for engineering, science and corporate support services for the organization.

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

Environmental wellbeing outcomes are supported through the monitoring and reporting on flood and drought levels, and the provision of accessible, relevant and trusted science. This empowers others to make informed decisions on water, air and land use.

Environmental and cultural wellbeing is supported by correctly identifying and modelling various factors which leads to the identification of trends and changes. This assists in being able to plan for the long term and develop a sustainable future.



*Ngā whakatutukitanga
ahumoni*

Financial Performance



Bay of Plenty Regional Council's operating deficit of \$4.4 million was lower than the budgeted \$11.2 million deficit (2022:10 million deficit) for the year ended 30 June 2023.

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 \$67.8 million (2022: \$76.0 million surplus). We are pleased to report Quayside has paid \$42.5 million in dividends to Council reducing general rates in the Bay of Plenty by an average of \$366 (including GST) per property.

Our 2022/23 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 2023 Council has delivered a robust result with an increase in operating revenue and operating expenditure compared to last year. Revenue during the year was \$172.4 million compared to a budget of \$163.8 million. We have delivered our work programme through operating expenditure of \$177.2 million, compared to a budget of \$175.0 million. The deficit for the year was \$4.4 million, compared to a budgeted deficit of \$11.2 million.

We also delivered a capital works programme with capital expenditure of \$15.4 million, compared to a budget of \$34.6 million. The underspend of the capital works programme is mainly due to the adverse weather events during the 2022/23 financial year.

Capital revenue was \$5.9 million compared to a budget of \$3.6 million due to insurance recovery funding received for historic flooding events.

Details of changes in revenue and expenses compared to Long Term Plan 2021-2031, Year 2 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 2023 was \$177.2 million, this is 1.2% and \$2.1 million higher than budget and 11.9%, \$18.8 million higher than last year.

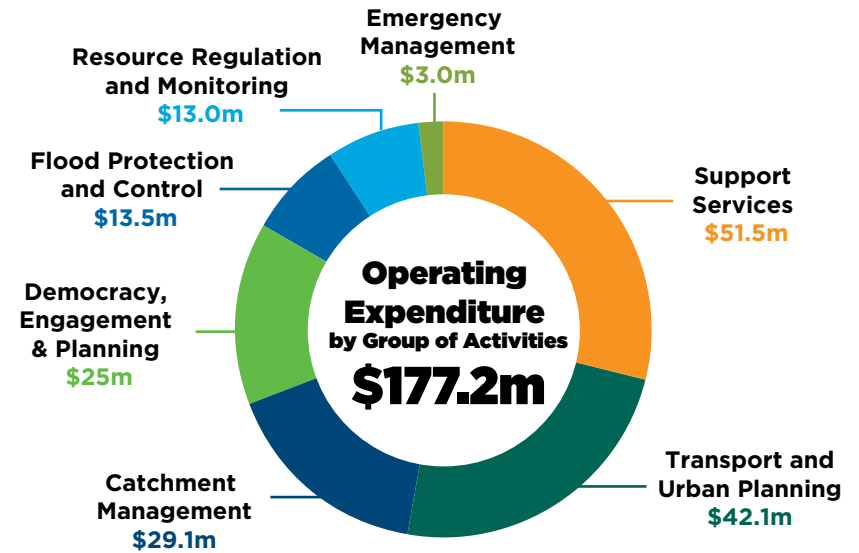
Our operating expenditure is what we spend on the many activities we provide to our community – for example providing public transport, consent processing, supporting local democracy, maintaining infrastructure assets and providing community grants. It also includes all the support services such as finance,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

Our 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.

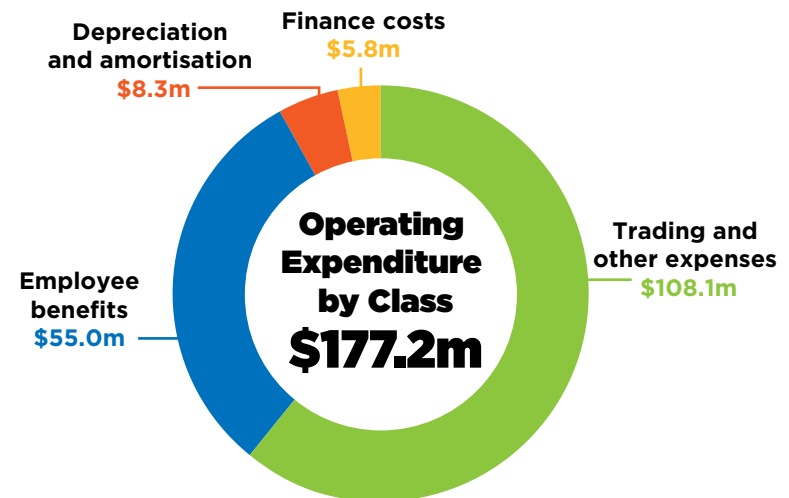
We have grown our capacity and capability to implement central government direction on freshwater, and to build thriving partnerships with tangata whenua. Regional planning, community engagement and Māori policy costs combined were around \$2.5 million lower than planned. Demand on technical experts and lower than expected collaboration from Iwi has impacted the programme.

Passenger Transport is \$3 million higher than budget as a result of indexation uplift, driver wage increases, and significant increase in demand of school bus services which were unplanned and not budgeted for.

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 \$172.4 million for the 30 June 2023 year which is \$8.6 million higher than budget of \$163.8 million and \$24.0 million higher than last year of \$148.4 million.

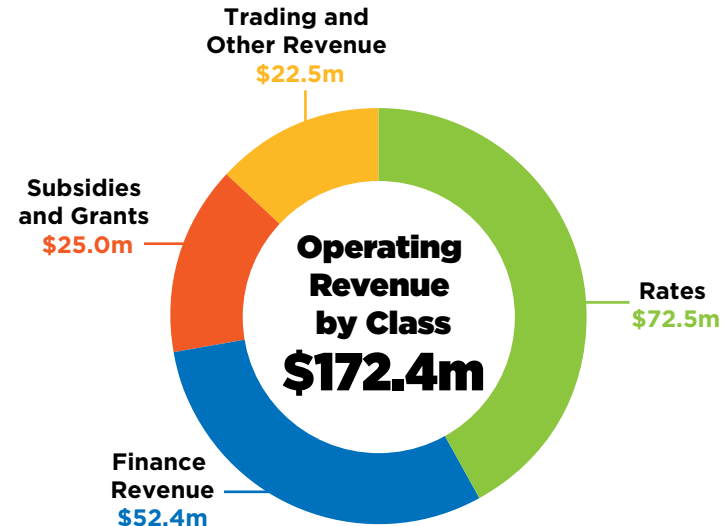
The most notable increase in operating revenue when compared to the budgeted revenue came from Trading and other revenue (\$3.6m). Trading and other revenue include capital insurance recoveries of \$3.1 million relating to the 2017 flood event.

Subsidy and grant revenue was \$25 million compared to a budget of \$24.5 million, due to the following:

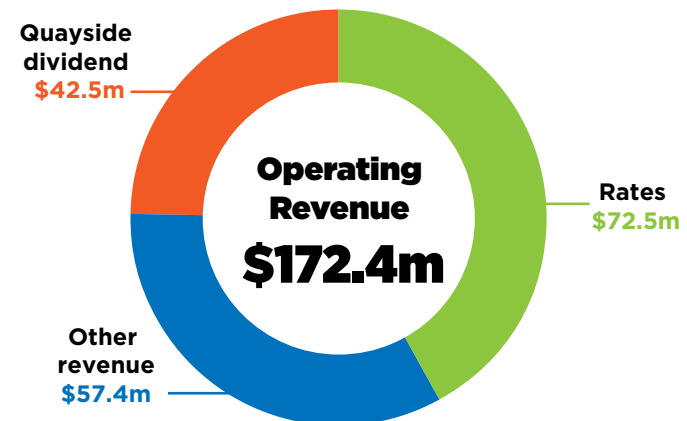
- Increase of \$4.7 million in Passenger Transport subsidy revenue received from Waka Kotahi for half price fares, increased school services, and additional funding to cover other cost increases.
- Lower than planned grants of \$1.9 million from the Ministry for the Environment for the Rotorua Te Arawa Lakes enhancement programme due to reduced uptake from landowners for this scheme.
- Funding of \$3.3m for biosecurity projects (wallaby and wilding pine) was budgeted for as a subsidy, but actual revenue received was recognised as trading and other revenue.

Finance revenue of \$52.8 million is on budget, this incorporates a dividend from Quayside of \$42.5 million and \$3.5 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

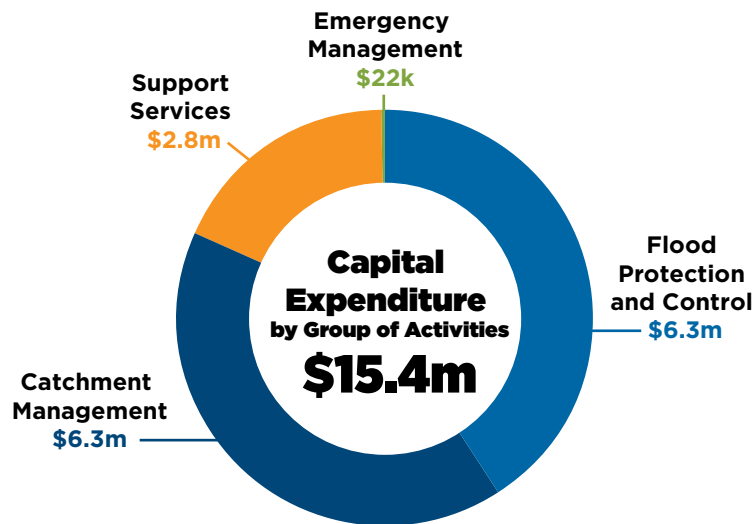
Total capital expenditure for the year ended 30 June 2023 was \$15.4 million, this is \$18.9 million lower than budget and \$3.1 million lower than last year.

Capital expenditure is what we spend on upgrading, renewing or building new assets. We invested \$6.2 million in flood protection to help keep people and properties safe. This included projects relating to the Rangitāiki-Tarawera Rivers Scheme and projects still to be completed, for example Rangitāiki Floodwalls, Rangitāiki Floodway and Rangitāiki River Stopbank Upgrade.

We invested \$2.2 million on our Regional Parks with the Pāpāmoa Regional Hills Project expected to be completed in late 2023.

Plant and Vehicle replacement totaled \$1.8 million, \$1.4 million under budget with the majority proposed to be carried forward to the 2023/24 financial year.

We invested \$3.7m as part of the Te Wahapu o Waihi wetlands project. Council purchased land for wetland use, with the intention for most of it to be on sold to an adjacent property owner.



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 2022/23 we increased our total borrowings by \$24.2 million to \$216.7 million as at 30 June 2023 (excluding any direct borrowing from our subsidiaries and the Quayside Perpetual Preference Shares). The facilities are provided by the Local Government Funding Agency for specific purposes including \$152 million for capital investment, and \$64.1 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 \$10.2 million which means we have high levels of liquid assets relative to our debt levels. Consequently our net debt to revenue ratio is 6%.

We take a prudent approach to managing our debt by keeping our net debt to revenue ratio significantly within our prudential limit of 295 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 means we keep interest costs on borrowing as low as possible – our average borrowing rate was 3.42% during 2022/23 (2.25% for 2021/22).

In June 2023, the credit rating agency, S&P Global Ratings, recognised that Council faces the challenges of rising interest rates and inflationary pressures, just like other organisations, businesses and households. As a result Council's outlook, which was previously regarded as "stable", was reassessed as "negative". S&P Global Ratings also noted that they could revise the outlook to "stable" if Council's excellent financial management meant we could maintain the current exceptional liquidity coverage, reduce our debt level and strengthen our operating margins.



Bay of Plenty Regional Council Group Financial Performance

\$77.0 million Council Group Net Surplus After Tax, \$23.9 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 \$2.8 billion. Quayside acts as the investment arm for the Council to build prosperity for the region with an intergenerational approach.

Despite the challenges posed by the economic environment during 2022/23, The Quayside Group achieved a net profit after tax of \$120.9 million which is consolidated into the Council Group result of \$77.0 million, of which \$23.9 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 \$42.5 million is the largest to date, reducing general rates by an average of \$366 (including GST) per property in the region.

The Port of Tauranga had another successful year and delivered a net profit after tax to \$117.1 million and paid a dividend of \$55.3 million to the Quayside Group. There was a decline in total trade and container volume in 2022/23, due to the ongoing effects in the kiwifruit industry and climate-related events.

Quayside asset portfolio grew to \$502.7 million from \$479.1 million in 2023, reflecting both new investment and a significant revaluation in the Rangioru Business Park. The overall Quayside group profit after tax of \$120.9m is a 3.96% decline from the prior year profit after tax.

Significant progress was made during the year in completing another season of earthworks on the industrial Business Park at Rangioru 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 2023 for Catchment Management

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,204	8,782	9,263
Targeted rates	3,382	3,625	3,726
Subsidies and grants for operating purposes	7,567	5,487	1,895
Fees and charges	30	31	(1)
Internal charges and overheads recovered	0	0	772
Local authorities fuel tax, fines infringement fees and other receipts	13,223	12,767	18,019
Total operating funding (A)	32,406	30,691	33,675
Applications of operating funding			
Payments to staff and suppliers	29,358	25,441	27,649
Finance costs	756	870	1,460
Internal charges and overheads applied	4,493	4,623	5,642
Other operating funding applications	0	0	0
Total applications of operating funding (B)	34,606	30,934	34,752
Surplus (deficit) of operating funding (A-B)	(2,200)	(242)	(1,076)
Sources of capital funding			
Subsidies and grants for capital expenditure	98	1,050	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,350	1,735	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)	4,447	2,785	0

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	4,089	5,156	6,253
- to replace existing assets	260	0	0
Increase (decrease) in reserves	(2,102)	(2,614)	(7,329)
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	2,247	2,542	(1,076)
Surplus (deficit) of capital funding (C-D)	2,200	243	1,076
Funding balance (A-B) + (C-D)	0	0	0
Note 1: This financial statement excludes:			
Depreciation and amortisation	1,273	1,397	1,165
Loss on sale of property, plant and equipment	0	0	269
Asset revenue gain	0	0	0
Note 2: This financial statement includes:			
Internal interest	756	870	1,460

Catchment Management funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 2. The higher funding is due to unbudgeted grant revenue received from the Ministry for the Environment in relation to Public Waterways and Ecosystem Restoration (PWER) and Freshwater Improvement Fund (FIF). This is offset by lower than budgeted grants received from the Ministry for the Environment for the Rotorua Te Arawa Lakes enhancement programme.

Application of operating funding

Applications of operating funding is higher than LTP Year 2 due to unbudgeted expenditure on Public Waterways and Ecosystem Restoration (PWER) and Freshwater Improvement Fund (FIF) projects. This was recovered by way of funding from the Ministry for the Environment. Internal loan interest was also higher than LTP Year 2 due to higher interest rates.

Sources of capital funding

Sources of capital funding is lower than LTP Year 2. The grants for the Rotorua Wetland Restoration have not been received from the Ministry for the Environment as the project has not yet commenced. Capital expenditure has been funded from reserves instead of borrowings.

Applications of capital funding

Applications of capital funding is lower than LTP Year 2 due to higher than anticipated operating deficit which has been funded from reserves and capital expenditure funded from reserves instead of borrowings.

The increased use of reserves is offset with higher than budgeted capital expenditure through the purchasing of the Cutwater Road property in Pukehina to transform 30 hectares to wetland.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Flood Protection and Control

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,988	3,199	3,596
Targeted rates	11,025	12,102	12,674
Subsidies and grants for operating purposes	0	0	7
Fees and charges	12	13	0
Internal charges and overheads recovered	1,681	1,773	1,051
Local authorities fuel tax, fines infringement fees and other receipts	5,030	4,798	6,433
Total operating funding (A)	20,737	21,884	23,761
Applications of operating funding			
Payments to staff and suppliers	8,321	12,012	11,085
Finance costs	1,691	1,755	3,042
Internal charges and overheads applied	6,206	6,775	6,205
Other operating funding applications	0	0	0
Total applications of operating funding (B)	16,219	20,541	20,332
Surplus (deficit) of operating funding (A-B)	4,518	1,343	3,429
Sources of capital funding			
Subsidies and grants for capital expenditure	5,020	1,574	2,500
Development and financial contributions	0	0	0
Increase (decrease) in debt	12,988	5,460	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	1,848	363	3,113
Total sources of capital funding (C)	19,856	7,398	5,613

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	9,880	11,517	3,636
- to replace existing assets	3,108	4,710	2,668
Increase (decrease) in reserves	11,386	(7,487)	2,738
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	24,374	8,740	9,042
Surplus (deficit) of capital funding (C-D)	(4,518)	(1,342)	(3,429)
Funding balance (A-B) + (C-D)	0	0	0
Note 1: This financial statement excludes:			
Depreciation and amortisation	1,456	1,584	2,448
Gain on sale of fixed assets	0	0	0
Loss on sale of fixed assets	0	0	0
Note 2: This financial statement includes:			
Internal interest	1,691	1,755	3,042

Flood Protection & Control funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 2. The higher funding is due to unbudgeted insurance recoveries and final settlement of claims in relation to the 2017 Edgumbe flood.

Sources of capital funding

Sources of capital funding is lower than LTP Year 2 due to borrowings not being required. This has been offset with higher than anticipated funding received from the Climate Resilience Fund for Rangitāiki floodway projects and capital insurance recoveries received in relation to the 2017 Edgumbe flood.

Applications of capital funding

Applications of capital funding is higher than LTP Year 2 due to higher-than-anticipated operating surplus increasing reserves. This is offset by lower-than-expected capital expenditure resulting from unprecedented adverse weather events and deferral of projects.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Resource Regulation and Monitoring

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,673	3,932	4,082
Targeted rates	616	495	130
Subsidies and grants for operating purposes	60	60	0
Fees and charges	5,827	5,864	5,316
Internal charges and overheads recovered	0	0	(89)
Local authorities fuel tax, fines infringement fees and other receipts	5,905	5,432	6,525
Total operating funding (A)	16,080	15,783	15,964
Applications of operating funding			
Payments to staff and suppliers	11,249	10,717	12,831
Finance costs	49	44	83
Internal charges and overheads applied	4,454	4,731	5,157
Other operating funding applications	0	0	34
Total applications of operating funding (B)	15,752	15,492	18,105
Surplus (deficit) of operating funding (A-B)	329	291	(2,141)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	113	94	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)	113	94	(0)

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$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	113	280	0
Increase (decrease) in reserves	(234)	(366)	(2,141)
Other operating funding applications	0	0	0
Increase (decrease) of investments	563	472	0
Total applications of capital funding (D)	442	386	(2,141)
Surplus (deficit) of capital funding (C-D)	(329)	(292)	2,141
Funding balance (A-B) + (C-D)	0	0	(0)
Note 1: This financial statement excludes:			
Depreciation and amortisation	67	62	149
Loss on Sale of fixed assets	0	0	0
Vested asset revenue	0	0	0
Note 2: This financial statement includes:			
Internal interest	49	44	83

Resource Regulation and Monitoring funding impact statement budget variance commentary

Application of operating funding

Application of operating funding is higher than LTP Year 2 due to non-recovery costs associated with consent processing requiring specialist consultancy input as well as the unbudgeted removal of the vessel from the Tauranga Harbour.

Application of capital funding

Application of capital funding is lower than LTP Year 2 due to the higher-than-anticipated operating deficit funded from reserves.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Transport and Urban Planning

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,158	2,310	2,394
Targeted rates	14,616	15,251	15,041
Subsidies and grants for operating purposes	15,778	16,942	20,013
Fees and charges	3,957	3,466	1,297
Internal charges and overheads recovered	322	331	(47)
Local authorities fuel tax, fines infringement fees and other receipts	4,305	4,104	5,205
Total operating funding (A)	41,136	42,404	43,903
Applications of operating funding			
Payments to staff and suppliers	40,242	41,689	41,443
Finance costs	38	43	44
Internal charges and overheads applied	2,176	2,269	2,014
Other operating funding applications	0	0	0
Total applications of operating funding (B)	42,456	44,001	43,501
Surplus (deficit) of operating funding (A-B)	(1,320)	(1,597)	402
Sources of capital funding			
Subsidies and grants for capital expenditure	595	351	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,168	232	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)	1,763	583	0

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	1,168	688	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(725)	(1,703)	402
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	443	(1,015)	402
Surplus (deficit) of capital funding (C-D)	1,320	1,598	(402)
Funding balance (A-B) + (C-D)	(0)	(0)	(0)
Note 1: This financial statement excludes:			
Depreciation and amortisation	377	434	611
Note 2: This financial statement includes:			
Internal interest	38	43	44

Transport and Urban Planning funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 2 due to additional subsidies from Waka Kotahi for the extension of half price fares, additional driver wage funding, increased school services funding and government budget announcements.

Application of operating funding

Application of operating funding is lower than LTP Year 2 due to lower-than-expected employee expenses resulting from vacancies.

Applications of capital funding

Application of capital funding is higher than LTP Year 2 due to the operating surplus increasing reserves.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Democracy, Engagement and Planning

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,511	10,182	10,935
Targeted rates	400	400	418
Subsidies and grants for operating purposes	0	0	3
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	(253)
Local authorities fuel tax, fines infringement fees and other receipts	14,078	13,884	16,879
Total operating funding (A)	23,990	24,466	27,983
Applications of operating funding			
Payments to staff and suppliers	27,074	30,480	24,995
Finance costs	0	0	0
Internal charges and overheads applied	8,570	8,935	9,480
Other operating funding applications	0	0	0
Total applications of operating funding (B)	35,644	39,416	34,475
Surplus (deficit) of operating funding (A-B)	(11,654)	(14,950)	(6,492)
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 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$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	(11,654)	(14,950)	(6,492)
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(11,654)	(14,950)	(6,492)
Surplus (deficit) of capital funding (C-D)	11,654	14,950	6,492
Funding balance (A-B) + (C-D)	0	0	0
Note 1: This financial statement excludes:			
Depreciation and amortisation	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 2 due to higher investment income resulting from the Quayside Holdings Limited dividend.

Application of operating funding

Application of operating funding is lower than LTP Year 2 due to consultancy underspends, staff vacancies and delays impacting engagement with technical experts and Māori over Freshwater Policy.

Applications of capital funding

Application of capital funding is lower than LTP Year 2 due to the lower-than-anticipated operating loss funded from reserves.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Emergency Management

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	3,384	3,540	3,690
Subsidies and grants for operating purposes	0	0	225
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	261
Local authorities fuel tax, fines infringement fees and other receipts	41	42	247
Total operating funding (A)	3,425	3,582	4,424
Applications of operating funding			
Payments to staff and suppliers	2,434	2,498	3,026
Finance costs	0	1	0
Internal charges and overheads applied	984	1,073	1,394
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,419	3,571	4,420
Surplus (deficit) of operating funding (A-B)	6	11	4
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	315
Development and financial contributions	0	0	0
Increase (decrease) in debt	22	9	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)	22	9	315

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	22	27	22
- to replace existing assets	0	0	0
Increase (decrease) in reserves	6	(7)	297
Other operating funding applications		0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	28	20	319
Surplus (deficit) of capital funding (C-D)	(6)	(11)	(4)
Funding balance (A-B) + (C-D)	(0)	(0)	(0)
Note 1: This financial statement excludes:			
Depreciation and amortisation	6	11	0
Note 2: This financial statement includes:			
Internal interest	0	1	0

Emergency Management funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 2 due to funding received from the Crown for Cyclone Gabrielle relief.

Applications of operating funding

Application of operating funding is higher than LTP Year 2 due to additional staff hours during the adverse weather events in January and February 2023.

Bay of Plenty Regional Council: Funding Impact Statement for the year ended 30 June 2023 for Support Services

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,584	4,922	6,920
Targeted rates	(211)	(211)	(382)
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,902	3,137	2,370
Internal charges and overheads recovered	35,162	37,249	41,530
Local authorities fuel tax, fines infringement fees and other receipts	10,647	11,555	13,947
Total operating funding (A)	53,085	56,653	64,384
Applications of operating funding			
Payments to staff and suppliers	33,820	34,631	41,649
Finance costs	4,562	6,246	7,873
Internal charges and overheads applied	10,314	10,972	13,538
Other operating funding applications	0	0	0
Total applications of operating funding (B)	48,695	51,849	63,059
Surplus (deficit) of operating funding (A-B)	4,389	4,804	1,325
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	15,933	2,898	0
Gross proceeds from sale of assets	0	0	5
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	15,933	2,898	5

	LTP 2021/22 \$000	LTP 2022/23 \$000	Actual 2022/23 \$000
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve levels of service	11,385	3,730	597
- to replace existing assets	4,547	4,882	2,251
Increase (decrease) in reserves	4,389	(910)	(1,520)
Other operating funding applications	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	20,322	7,702	1,329
Surplus (deficit) of capital funding (C-D)	(4,389)	(4,804)	(1,325)
Funding balance (A-B) + (C-D)	(0)	0	0

Note 1: This financial statement excludes:

Depreciation and amortisation	4,526	5,283	3,885
Loss on sale of property, plant and equipment	0	0	0
Impairment of property, plant and equipment	0	0	0
Investment amortisation	0	0	0
Gain on disposal of property, plant and equipment	0	0	(179)
Gain on revaluation of Put Option	0	0	(204)
Fair value and non cash adjustments	0	0	(1,953)

Note 2: This financial statement includes:

Internal interest	(2,535)	(2,713)	(4,630)
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Support Services funding impact statement budget variance commentary

Sources of operating funding

Sources of operating funding is higher than LTP Year 2 due to unbudgeted rates penalties, and an increase in overall recoveries as a result of increased expenditure explained in application of operating funding.

Application of operating funding

Application of operating funding is higher than LTP Year 2 due to contributions to Regional Holding Software Limited for the Iris Next Generation project, higher-than-expected license and software costs due to a change in accounting standards for Software-as-a-Service, higher staff costs in relation to Council now collecting its own rates and higher finance costs relating to increased interest rates.

Sources of capital funding

Sources of capital funding is lower than LTP Year 2 due to the use of reserves instead of borrowings.

Applications of capital funding

Application of capital funding is lower than LTP Year 2 due to delays of the capital works programme for Regional Building works, Plant replacement and the mobile Emergency Management trailer which will be deferred to future years.

Financials

A close-up photograph of a flowering branch, likely a tea tree, with small white blossoms and green leaves. The background is a warm, golden glow, suggesting sunlight filtering through foliage. The word "Financials" is overlaid in white, bold, sans-serif font across the center of the image.

Statement of Involvement in Council Controlled Organisations (CCOs)

Council is a shareholder in the following Council Controlled Organisations (CCO) as defined in section 6 of the Local Government Act.

Sole/majority shareholder

- Quayside Holdings Limited - Council has a 100% shareholding of Quayside Holdings Limited. Quayside Holdings Limited is the sole or majority shareholder in Quayside Securities Limited and Quayside Securities Limited as trustee for Quayside Investment Trust and Quayside Unit Trust, Aqua Curo Limited, Quayside Properties Limited, Quayside Barnett Place Limited, Quayside the Vault Limited, Quayside Portside Drive Limited, Quayside Mystery Valley Limited, Quayside Te Papa Tipu, and Quayside Tauriko Limited. Quayside Securities Limited as trustee for the Quayside Unit Trust holds 54.14% shareholding in Port of Tauranga.
- Toi Moana Trust - Council has a 99.99% holding of the units of the Toi Moana Trust, with one unit held by Quayside Holding Limited.

Minority shareholder

- Bay of Plenty Local Authority Share Service Limited - Council has a 16.13% (2022: 16.13%) shareholding with the remainder held by eight other councils.
- Local Government Funding Agency - Council has an 8.29% (2022: 8.29%) shareholding with the remainder held by 29 other councils and the Government.
- Regional Software Holdings Limited - Council has an 11% shareholding of the Class A (control) shares with the remainder held by eight other councils.

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 \$2.8b. Quayside also holds other non-port assets valued at \$503m. 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 \$42.5m (2022: \$40m) 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 2022/23 totaled \$42.5m, and dividend payments to Perpetual Preference Share members totaled \$7m 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 2022/23	Result 2022/23	Comment
Maintain a majority holding in the Port of Tauranga Limited	Holding of greater than 50.1%. Council approval and community consultation through the Special Consultative Procedure set out in Section 93 of the Act and the relevant Council policy 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 2023
Generate commercial returns across the investment portfolio	Five year rolling gross return target of $\geq 7.0\%$ per annum	Achieved	Five year rolling gross return of 9.78% for the Quayside consolidated group achieved at 30 June 2023
Generate long term commercial returns through a portfolio of real assets	Pricing and Valuation quarterly meeting to regularly assess individual assets	Achieved	Pricing and valuation meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023
Generate long-term commercial returns through a portfolio of private equity assets	Pricing and Valuation Quarterly meeting to assess individual asset performance	Achieved	Pricing and valuation meetings held 18 August 2022, 30 November 2022, 22 February 2023, 22 May 2023
Develop the Rangiuru Business Park to create long term benefit for the Bay of Plenty region	Quarterly updates 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 is well advanced with two seasons of earthworks and the interchange works underway
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 2022, December 2022, March 2023 (verbal only) and April 2023 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 two presentations around interim and end of year financials and two workshops per annum to Council, as shareholders	Achieved	Quayside presented to Council in September 2022, December 2022, March 2023 (verbal only) and April 2023
	Timely advice and support as required Matters of urgency are reported to Council at the earliest opportunity	Achieved	Open communication with Council maintained during the year through regular meetings with Quayside CE and Council executive
	Long term forecasting of key financial information and key risks provided to Council annually	Achieved	Financial forecasting and risk information provided through - <ul style="list-style-type: none"> • 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 reviewed no less than biennially by the Quayside Executive	Achieved	All policies reviewed in accordance with the Policy and Charter Schedule

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
Meet shareholders distribution expectations as outlined in the Statement of Intent	Distributions paid in accordance with the Distribution Policy. Such distributions are based on actual assets and performance and may vary from the forecast provided in the SOI Quayside will make a recommendation to Council on the use of any special dividends received from the Port	Achieved	Cash dividends of \$42.5m (target \$42.5m) paid to Council as forecast in the SOI Gross PPS dividend of \$7m (target \$6.7m) paid to PPS holders No special dividend from POTL in 2023
Compliance with NZDX listing requirements for PPS	Disclosures are made in line with continuous disclosure requirements	Achieved	Filing of interim and annual financial statements achieved within deadlines
	Board reporting of PPS compliance and monitoring	Achieved	Internal audit compliance systems show no open issues or instances of non-compliance with NZX requirements Board received regular reporting on PPS compliance
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 investments. These were last reviewed in June 2022. These are currently under review by management and will be updated to align with claim related risks and opportunities identified by the Group through its inaugural climate related disclosures
	Benchmark, through biennial review, the Group responsible investment principles against international standards and comparative national entities (for example for the Framework being adopted as part of the climate related disclosures)	Achieved	A benchmark review of holdings was done as at 31 December 2022 and 30 June 2023 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 No investments were made in excluded categories 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 2022/23	Result 2022/23	Comment
ACL keeps the shareholder informed of all significant matters relating to it	The ACL board will meet quarterly and will advise any material matters to the shareholder at the earliest opportunity	Not achieved	Quarterly meetings held 8 August 2022, 14 February 2023, 18 May 2023 11 November 2022 meeting cancelled - awaiting commercialisation workstream outcomes Formal shareholder updates provided at every full QHL Board meeting
The Te Puke WWTP site operates for 12 months continuously	The Project Manager provides quarterly reports to the ACL Board	Achieved	Plant operated successfully for 24 months, ceasing April 2023. The Project Manager provided formal updates to the Board at each quarter <i>(2022: not applicable - this is a new measure in the 2023 year)</i>
Commercialise the bioremediation of water research and use of biomass	Advance commercial discussions with a minimum of one external party	Achieved	External consultant is managing commercialisation strategy and is in direct, advanced discussions with at least one party <i>(2022: not applicable - this is a new measure in the 2023 year)</i>
Undertake a capital raise to support the achievement of the Company's objectives as outlined in the Strategic Plan	Raise funds to a minimum of \$500,000 during the year	Not achieved	<i>(2022: no applicable - this is a new measure in the 2023 year)</i>

Quayside Barnett Place Limited

Quayside Barnett Place Limited 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 2022/23	Result 2022/23	Comment
The Property is managed as a commercial asset to generate a return	The forecasted income before tax and intercompany management fees is met or exceeded	Not achieved	The forecasted income before tax and intercompany management fees is not met for the 2023 FY
The Property is maintained to ensure safe use and enjoyment for tenants	The building has the following: • current building warrant of fitness • maintenance and risk management plan Reasonably practicable steps are taken to address any health and safety matters	Achieved	<ul style="list-style-type: none"> • Building warrants of fitness are current • Health and safety is a standing agenda item at every board meeting and any issues raised by tenants are addressed

Quayside Mystery Valley Limited

Quayside Mystery Valley Limited 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 2022/23	Result 2022/23	Comment
The Property is managed as a long-term commercial asset to generate a return	The current tree crop is maintained and managed in accordance with budget through to maturity	Achieved	Property was disposed of with financial close in December 2022. The crop was managed within budget until sale. The sale generated an IRR>20%
The Property is maintained to ensure safe use and enjoyment for lessees	The property has a maintenance and risk management plan and reasonably practicable steps are taken to address any health and safety matters	Achieved	Risk management and health and safety are a standing agenda item at every board meeting and any issued raised by tenants are addressed with urgency

Quayside Portside Drive Limited

Quayside Portside Drive Limited 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 2022/23	Result 2022/23	Comment
The Property is managed as a long-term commercial asset to generate a return	The current tree crop is maintained and managed in accordance with budget through to maturity	Achieved	Property was disposed of with financial close in December 2022. The crop was managed within budget until sale. The sale generated an IRR>20%
The Property is maintained to ensure safe use and enjoyment for lessees	The property has a maintenance and risk management plan and reasonably practicable steps are taken to address any health and safety matters	Achieved	Risk management and health and safety are a standing agenda item at every board meeting and any issued raised by tenants are addressed with urgency

Quayside Tauriko Limited

Quayside Tauriko Limited 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 2022/23	Result 2022/23	Comment
The Property is continued to be held as a regional benefit asset	The asset is held until such time a strategy is agreed with Bay of Plenty Regional Council	Achieved	The property is still held by Quayside Tauriko Limited in agreement with the Bay of Plenty Regional Council
The Property is maintained to ensure safe use and enjoyment for tenants	The Property is held in accordance with the Residential Tenancies Act and in accordance with healthy homes standards	Achieved	The property is maintained in accordance with the Residential Tenancies Act

Quayside Te Papa Tipu Limited

Quayside Te Papa Tipu Limited 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 2022/23	Result 2022/23	Comment
The Property development is completed	Development progresses as per budget and the build is as per the timetable agreed/re-negotiated with the client (current estimated completion is December 2022/January 2023)	Not achieved	Programme and construction cost re-negotiated in 2023. Build cost increase with completion on track for March 2024
The Property is developed to a safe and high standard	The development has the following: <ul style="list-style-type: none"> • Health and safety, and risk management plans • Reasonable practical steps are taken to address any health and safety matters 	Achieved	Construction project maintains effective health and safety and risk management plans Pillar Consulting engagement as independent H&S specialist to conduct audits on behalf of Quayside on site with contractors

Quayside The Vault Limited

Quayside The Vault Limited 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 2022/23	Result 2022/23	Comment
The Property is managed as a commercial asset to generate a return	The forecasted income before tax and intercompany fees is met or exceeded	Not achieved	The forecasted income before tax and intercompany management fees has not been met for the 2023 FY (\$1,059,754)
The Property is maintained to ensure safe use and enjoyment for tenants	The building has the following: <ul style="list-style-type: none"> • current building warrant of fitness • maintenance and risk management plan Reasonable practical steps are taken to address any health and safety matters	Achieved	<ul style="list-style-type: none"> • Building warrants of fitness are current • The building has a maintenance plan • Risk and health and safety are a standing agenda item at every board meeting and any issues raised by tenants are addressed with urgency'

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 2022/23	Result 2022/23	Comment
The Property is managed as a commercial asset to generate a longterm return	The budgeted income before tax is met or exceeded until such time as the site is ready for development	Achieved	The 2023 trading income has exceeded budgeted traded income by \$37,000 (2022: \$89,000 non-budgeted income was received) 2023 net profit before tax has not met budget (\$34,000 deficit) largely due to unbudgeted consultant fees (2022: net profit before tax exceeded budget by \$75,000)
The Property is maintained to ensure safe use	The property follows a maintenance and risk management plan and ensures that reasonably practicable steps are taken to address any health and safety matters	Achieved	Health, safety and maintenance issues discussed at quarterly board meetings and issues resolved timely
To progress the development at the Property	Planning and project feasibility for a new development at the Property progresses, including project feasibility, concept design and early contractor engagement, with the aim to secure an anchor tenant	Not achieved	Feasibility complete including early engagement with potential tenants. Concept design not progressed

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 2022/23	Result 2022/23	Comment
The Fenton Street Property is managed as a commercial asset to generate a return	The budgeted operating profit on the property is met or exceeded	Achieved	The 2023 FY profit has exceeded budgeted operating profit by \$23,593 (2022: profit exceeded budget by \$50,000)
The Old Taupo Road Property is managed as a commercial asset to generate a return	The budgeted operating profit on the property is met or exceeded	Not achieved	The 2023 FY profit is less than the budgeted operating profit by \$29,373 (2022: not applicable, property was not completed and generating income until 2023)
The Properties are maintained to ensure safe use and enjoyment for tenants	The building has the following: <ul style="list-style-type: none"> • Current building warrant of fitness • Maintenance and risk management plan • Reasonable practicable steps are taken to address any health and safety matters 	Achieved	<ul style="list-style-type: none"> • Building warrants of fitness are current • Health and safety and risk management are standing agenda items at every board meeting and any issues raised by tenants are addressed with urgency

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 (2022: 5%). 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 2022/23	Result 2022/23	Comment
Generate commercial returns across the Investment Portfolio	Manage the assets in accord with the Toi Moana SIPO Annual cash distribution target of net 5% of total portfolio value	Achieved	Ā distribution of 5% totalling \$4.5m was paid for the year ending 30 June 2023 (2022: target met)
Capital preservation	Long term capital preservation over a rolling investment period of five years	Achieved	The net asset value of the fund has increased from \$43m as at 30 June 2022 to \$71.6m as at 30 June 2023. \$2.5m was due to new units issued, the residual is due to positive market performance. In total, BOPRC investment to date amounts to \$70m (2022: target not met \$43m)
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	Achieved	The last benchmark biennial review was completed in 2022. There are no investments in prohibited categories. The fourth quarter report will include the results of the review of compliance with responsible investment principles. 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 to Council as required Matters of significance 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, or by alternative agreement with Council	Achieved	Distributions paid to forecast values, including special distributions

BOPLASS

The Council's objective in cooperatively establishing BOPLASS Limited 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 agreement Statement of Intent. BOPLASS information for 2022/23 has been based on the unaudited draft Annual Report 2022/23.

Achievements

During the year Council has been fully informed by BOPLASS on its performance. Of the targets set in the 2022/25 Statement of Intent, all five targets related to 2022/23 were achieved.

BOPLASS Performance Indicators

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable	Achieved	<p>Contracts negotiated and/or renewed for:</p> <p>Cyber Insurance – BOPLASS was able to again maintain councils' cyber insurance policies with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated. Through the collective approach, BOPLASS was able to secure the renewal of favourable terms and with an increased policy limit across the collective group. <i>Cyber cover is an annual agreement that requires going to market every year</i></p> <p>GIS software and services - Geocortex Essentials Geocortex Analytics NZ Archaeological Association <i>Contracts renegotiated and renewed - no alternative suppliers</i></p> <p>FME software - significant price increase negated by negotiating two-year extension of current agreement under the same terms and pricing. <i>Sole NZ provider</i></p> <p>X-Tools - With the agreement of councils' GIS managers, a decision was made to discontinue the XTools maintenance licence as it was purchased from Russia. This supported the NZ Government's position on trade sanctions and the absence of this software did not have an undue impact on council operations.</p> <p>LIDAR Capture – the capture of LiDAR data was completed this year across the BOP region ahead of schedule. The early provision of this updated data helps councils with catchment mapping, understanding and preparing for natural hazards, and better planning for climate change.</p> <p>My Everyday Wellbeing – BOPLASS renewed the annual subscription for the staff online wellbeing platform with the supplier continuing to provide pricing for all participating councils as a single entity. Increased participation from MW LASS, Co-Lab and BOPLASS councils resulted in further financial savings for the collective.</p>

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
			<p>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. <i>Sole NZ provider of print and media copyright services</i></p> <p>ESRI Enterprise Licensing Agreement - Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renegotiated and renewed for a further 3-year term with no increases. Retained the same structure, with all councils continuing to participate under a collective MOU. <i>No alternative provider in NZ</i></p> <p>n3 (previously known as GSB) - Collective 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. <i>Sole NZ provider</i></p> <p>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. This service has proven to be invaluable for councils during the pandemic and weather events. <i>Service to be put to tender in 2023-24</i></p> <p>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 in 2021 to deliver further cost reductions. Since then, further reviews have been conducted with some service costs reduced. This was balanced out by additional services as requested from councils.</p> <p>Zoom Video Conferencing Services - Zoom video conference services continue to provide BOPLASS councils with a centralised account management and shared infrastructure. The collective contract was renewed through BOPLASS. <i>VC infrastructure upgrades underway</i></p> <p>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. <i>No alternative provider in NZ</i></p> <p>Antenno - this LG community engagement tool is used by the majority of BOPLASS councils. Uptake in the Waikato and MW LASS regions has recently increased. By working in conjunction with the other two LASS a discounted fee was negotiated for any further LASS councils wishing to take up the service.</p> <p>Health & Safety Management Software - BOPLASS has negotiated with the collective H&SMS provider on behalf of BOPLASS and Waikato councils for an improvement to reporting systems and an alternative fee structure.</p> <p>IPWEA Membership - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2022 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. <i>No alternative provider in NZ</i></p>

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
			<p>Aerial Imagery – BOPLASS coordinates a regional imagery programme across the region. Two new tenders were run for orthophotography services this year with contracts awarded to AAM NZ for the BOP region and a TCC interim flying programme, including specific requirements for the capture of high growth areas and high specification 8-Pulse LiDAR.</p> <p>GIS Training – BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels.</p>
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 than 5% and/or improved service levels to the participating councils	Achieved	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>MFds (Photocopiers/Printers) – Joint procurement for a multi-function device provider resulted in Canon NZ being appointed as preferred provider to the BOPLASS councils. The outcome through the group approach included very competitive pricing, with further savings achieved through bundled services and shared software solutions across the councils. The procurement process maintained a strong focus on achieving broader outcomes, with Canon demonstrating support for local businesses and communities, working with Māori/Pasifika communities through Ākina and Amotai, and practicing sustainable and environmental processes.</p> <p>Oblique Aerial Imagery – BOPLASS investigated collaborative opportunities for the capture of Oblique Aerial Imagery for the BOPLASS councils. The imagery provides a more effective visual experience than traditional vertical imagery and is particularly useful for discerning features in the landscape. Delivered through a tailored online viewer and using a subscription-based model through BOPLASS negates the need for councils to store and manage the data.</p> <p><i>One council has trialled the solution and negotiations with the provider are underway for group pricing</i></p> <p>Infrastructure Insurance – the international placements for BOPLASS councils' infrastructure insurance are 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 new or different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2022 through direct engagement with the London markets and Lloyds syndicates. The size of the collective BOPLASS account allows us to undertake this direct engagement. Despite the restricted capacity and the underwriters become more risk adverse, very good outcomes were achieved for all councils, in both insurance rates and the level of cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have demonstrated confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p> <p>Social Listening Services – Although BOPLASS manages a media monitoring contract on behalf of the councils, the growth in social media (and decline in traditional media) requires specific tools for identifying and analysing online conversations about councils' brand, to help better understand our communities and their feedback through these channels.</p> <p><i>A collective procurement process has been initiated</i></p>

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
			<p>Crime Prevention Co-funding – BOPLASS successfully secured co-funding from the Ministry of Social Development (MSD) to undertake crime prevention initiatives and programmes within the Bay of Plenty. BOPLASS councils identified the key areas as installation of CCTV equipment and monitoring services; and Crime Prevention through Environmental Design (CPTED) projects. <i>\$1m co-funding has been received and the below projects initiated</i></p> <p>CCTV Monitoring – BOPLASS has worked with councils to identify opportunities for improved CCTV coverage and to collaborate with CCTV monitoring. Joint procurement of systems and technologies are being undertaken as well as shared project management resource. <i>Project is still underway</i></p> <p>Crime Prevention through Environmental Design (CPTED) – To support further crime reduction initiatives, BOPLASS is working with councils on the effective use of the environmental design to reduce criminal opportunity, with designs also fostering positive social interaction within community spaces. <i>Project is still underway</i></p> <p>24/7 Emergency Communications – The BOPLASS IT Managers group have reviewed the harsh lessons learned about telecommunication interruptions in the aftermath of Cyclone Gabrielle. They have undertaken a project to identify improved technologies for councils' usage that are not reliant on traditional methods of delivery. Starlink has been identified as a reliable solution during severe weather events and investigations are underway to determine the opportunities for councils to share membership and/or hardware or leverage improved pricing through collective procurement. <i>Project is still underway</i></p> <p>New service for ICN – Following a redesign of some aspects of the Inter-Council Network (ICN) new links were required. BOPLASS engaged with suitable vendors and Spark were appointed to provision this service. Discounted rates were achieved on behalf of the councils. Procurement was undertaken for the addition of a service in Whakatāne for a new council site and reinstatement of a service to provide backup/redundant services for councils between Whakatāne and Tauranga.</p> <p>Waste Operator and Licensing Data System (WOLDS) – The second phase of this project has been initiated with procurement underway for a WOLDS service provider including the provision of an Information Management System. This BOPLASS led project covers all BOPLASS and Co-Lab councils, with a number of other councils expressing interest in participating once the service is established. A single shared service provides the opportunity for standardisation across all regions, improved waste data, and savings through a centralised service. <i>Project is still underway</i></p> <p>NAMS+ Subscription – BOPLASS negotiated discounted rates for NAMS+ subscription used by council asset managers.</p> <p>Electronic Signing – BOPLASS has led a project undertaking investigation into a shared agreement for DocuSign for councils. <i>Project is still underway</i></p>

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
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	<p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and formally meeting on a quarterly basis.</p> <p>Shared services projects being undertaken by other LASS have been offered to BOPLASS councils, with the board making a decision to utilise these opportunities to avoid any duplication of services where we can work with other LASS.</p> <p>Some of the shared service projects offered to BOPLASS councils include:</p> <ul style="list-style-type: none"> - Debt Management Central - Archives Central - Building Consent services <p>BOPLASS is leading or managing, on behalf of other LASS:</p> <ul style="list-style-type: none"> - Waste Operator and Licensing Data System - Postal services - Courier services - H&S management system - Staff wellbeing portal - Regional contractor database - Occupational Health Services <p>Broader Outcomes in Procurement – The BOPLASS Procurement Group have identified the need to develop a framework around broader outcomes in procurement. To assist this process, BOPLASS are also working closely with Co-Lab and MW LASS for extended understanding, sharing of best practice, and to explore the opportunity for establishing a standard framework across the three regions. In conjunction with this shared work, MWLASS are leading a specific project on social procurement and sharing the outputs with the other two LASS.</p> <p>Health & Safety training – BOPLASS and Co-Lab have established aligned contracts with H&S trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and Co- Lab councils. This project is being led by Co-Lab on behalf of both LASS.</p> <p>Managing Conflict & Aggressive Behaviour – The BOPLASS Health & Safety Advisory Group identified an increase in aggressive behaviour across all BOPLASS councils. Working in collaboration with Waikato councils allowed the group to share resources between regions ensuring best practice was shared and to reduce the duplication of effort to the benefit of all parties.</p> <p>SHE Prequalification – Co-Lab have funded full access to the SHE prequalification database and extended this access to cover BOPLASS councils opting into the scheme.</p> <p>Insurance Markets Joint Communications – To ensure an aligned approach to insurance renewals, and leverage maximum benefits from an aggregated approach, LASS leads collaborated to develop joint underwriter communications that emphasised the geographical spread of assets and the diversity of risk across the greater region. The communications also highlighted risk management and resiliency work undertaken by LASS councils that had proved to perform well through recent events. Continued collective messaging and leveraging of our underwriter relationships remains critical to reinstalling confidence within the markets we engage with.</p>

Key Performance Indicator	Target 2022/23	Result 2022/23	Comment
			<p>Insurance Forum – BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p> <p>Engagement with other LG collaborative groups - Taranaki councils have formed an informal corporate services group to collaborate and share information across the district. BOPLASS and Co-Lab presented to the group on how our formal arrangements work and the benefits achieved, both within the LASSes and interregionally. An offer has been made to include Taranaki councils in any BOPLASS contracts that will be beneficial to all parties. A similar presentation and offer were provided to the Canterbury Mayoral Forum (10 TAs and the regional council), with the group expressing strong interest in utilising the MahiTahi Portal and widening their collaboration.</p>
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration	Number of listed projects to increase by 5% per year Number of active users to increase by 5% per year	Achieved	<p>Projects continue to be added to the MahiTahi LG Collaboration Portal, increasing 5% from 88 to 93 this year. Over time, usage of the dedicated project area has declined, with project activity increasing but now being mainly run from within specific Teams or Channels within the Portal. Given this change in usage, and the difficulty of monitoring individual Channels, this target has been removed for future years.</p> <p>Continued promotion of the MahiTahi LG Collaboration Portal has seen a 13% increase in registered users with numbers increasing from 429 to 485. On-boarding and training material has been helpful in creating a smooth transition for any new members.</p> <p>The Regional Software Holdings Limited migration has resulted in exponential growth, with the Te Uru Kahika hub (regional and unitary councils) now hosted within the same environment as the MahiTahi Collaboration Portal. Both the MahiTahi LG Collaboration Portal and Te Uru Kahika sit side-by-side, with regional council users able to interact on both platforms.</p> <p>A Teams environment was developed for Entity B of the Affordable Water Reform in order to provide a secure workspace and assist the group with communications and collaboration. The development of this Team was conducted in conjunction with the Entity B stakeholders and a third-party Teams developer.</p>
Communicate with each shareholding council at appropriate levels	At least one meeting per year	Achieved	<p>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. Engagement with individual ELT members was regularly undertaken but formal meetings with all executive teams was unable to be completed with all councils this year.</p>
Ensure current funding model is appropriate	Performance against budgets reviewed quarterly. Company remains financially viable	Achieved	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions were levied with annual council contributions now CPI adjusted.</p> <p>Contributions were received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements and budget variances reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2023: -\$22,979 deficit.</p>

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 2022/23 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;
- 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;
- Assist the local government sector in achieving their sustainability and climate change objectives;
- Improve sustainability outcomes within LGFA;
- Assist the local government sector with significant matters such as COVID-19 response and the proposed Three Water Reform Programme, and
- Supporting councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.

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 2022/23	Result 2022/23	Comment
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times	No breaches	Achieved	No breaches
Maintain LGFA's credit rating equal to the New Zealand Government's sovereign rating where both entities are rated by the same Rating Agency	LGFA credit ratings equivalent to NZ Sovereign	Achieved	Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings Fitch Ratings upgraded LGFA Foreign Currency Rating to AA+ on 16 September 2022. S&P Global Ratings affirmed our domestic currency credit rating at AAA in March 2023
LGFA's total operating income for the period to 30 June 2023	> \$12.2 million	Not achieved	Not met - total operating income \$11.6m as at 30 June 2023
LGFA's total operating expenses for the period to 30 June 2023	< \$9.4 million	Achieved	Met - operating expenses \$9.1m as at 30 June 2023
Share of aggregate long-term debt funding to the Local Government sector	> 80%	Achieved	Met - 93.3% as at 30 June 2023
Total lending to Participating Borrowers	> \$15,004 million	Achieved	Met - \$16,314m as at 30 June 2023
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities	> 85% satisfaction score	Achieved	Met
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	100%	Achieved	Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements	100%	Achieved	Met
Comply with the Health and Safety at Work Act 2015	No breaches	Achieved	No breaches
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained	Achieved	Toitū Net Carbon-zero recertification approved 11 October 2022
Meet reduction targets outlined in our carbon reduction management plan	Reduction targets met	Achieved	Refer to the BOPLASS Annual Report emissions table on page 43 that highlights the uncertainties that exist in regards to the emission reporting
Increase our GSS lending book	Two new participating borrowers enter into GSS loans	Achieved	Three new participating borrowers approved for GSS lending
Ensure Annual Report is prepared in compliance with applicable GRI Standards	100%	Achieved	2023 Annual Report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option)
Meet all mandatory climate reporting standards	100%	Achieved	There are no mandatory climate reporting standards applying at the date of this report. LGFA has elected to prepare this annual report in compliance with the GRI standard (core option)
Review each participating borrower's financial position under LGFA policies	100%	Achieved	Met
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested	100%	Achieved	Met

Regional Software Holdings Limited

Council became a shareholder in Regional Software Holdings Limited (RSHL) in 2022/23.

RSHL is a separate legal entity from Council incorporated and registered under the Companies Act 1993 and is a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act. BOPRC is a minority shareholder with 11% of the Class A (control) shares.

RSHL is owned by 9 regional councils and unitary authorities, with a primary objective to provide a framework for collaboration and shared services on behalf of Te Uru Kahika (the Regional Council sector). RSHL supports the procurement and development of shared solutions to provide greater consistency across New Zealand and cost effectiveness that cannot be achieved by individual Councils.

The following performance measures were set for the 2022/23 financial year.

Key Performance Indicator	Result 2022/23	Comment
Non Financial		
With participating councils, define and agree milestones for the IRIS NextGen Programme	Achieved	The Partnership Agreement for IRIS NextGen was executed in September. This sets the overarching structure of the programme. The milestones for the programme were endorsed by the Steering Group in November 2022 and are documented in the Programme Plan
Undertake an annual survey of IRIS users and shareholder/customer Councils in relation to product performance, Datacom support and RSHL support Provide a summary of the survey results in the annual report, including performance against the baseline Survey results to be the same or better than the previous year	Achieved	This survey was completed in June 2023 to ensure that all councils were on the latest version of the IRIS software Four councils completed the customer survey. Results were markedly better across all categories for RSHL and Datacom service performance 83 continuous or frequent users of IRIS responded to the user surveys. Compared to previous years, results were mixed (within the margin of error) but still generally favourable for "IRIS provides me the information I need" and "IRIS supports me to do my job". Results for "Speed of the IRIS application" were well down but this issue was limited to one council, with users at other councils reporting speed improvements
Prepare and adopt the annual IRIS development roadmap by 30 June for delivery in the subsequent year	Achieved	The roadmap is constantly reviewed by the IRIS Advisory Group. It was last presented to the board in June 2023
Major IRIS Enhancement projects are completed within approved budget or (for items in progress) on track against their agreed timeline and budget at 30 June of each year	Achieved	The MAJ058 IRIS data migration project definition phase was completed under budget - the budget for the project was \$69k with the total invoiced, \$65k - on track As at 30 June 2023 the following projects are on track <ul style="list-style-type: none"> • MAJ059 IRIS Data Migration Base Platform • MAJ060 IRIS Data Migration Base Templates • MAJ061 IRIS Data Migration - Loading Data The output of this work will be a platform for migration of data from IRIS to Datascope (IRIS NextGen) and tools to identify data issues and cleanse, export and transform the data
Budgets for IRIS support and minor enhancements are approved by the Board by 30 June each year and delivery within these budgets is effectively managed by the Advisory Group and the General Manager	Achieved	Budgets were approved via the Statement of Intent process in June 2023. Both support and development were under budget at year end as follows - <ul style="list-style-type: none"> • Actual development expenditure of \$100k against a budget of \$140k; and • Actual support expenditure of \$211k against a budget of \$222k

Key Performance Indicator	Result 2022/23	Comment
Be an effective service delivery vehicle for regional council sector shared programmes under the Sector Financial Management System	Achieved	<p>RSHL has effectively managed the SFMS</p> <p>Revenue is well ahead of plan due to significant funding provided by central government. Expenditure is consistent with the amounts documented in the SFMS Briefing Paper</p> <p>RSHL held 30 service contracts on behalf of Te Uru Kahika over this financial year</p> <p>\$8.9m of funding was collected for sector work programmes including \$5.3m from central government. The support from central government highlights the value of the SFMS as a focus point for funding</p>
Effectively support the activities of the Regional Sector through the Regional Sector Office	Achieved	<p>Over the first part of the year the Executive Policy Advisors focussed on coordinating sector submissions to a raft of central government proposals including:</p> <ul style="list-style-type: none"> • Resource management reform legislation • The Future for Local Government Review • Freshwater farm plan regulations • Water services legislation • LGOIMA amendments <p>The policy advisors also coordinated the preparation of induction material for incoming Elected Members. With the election of new Chairs and Mayors in October 2022, the Office also undertook a review of the sector's priorities and work programmes for the 23/24 year and beyond</p> <p>The Regional Sector SIG network administrator has taken responsibility for coordinating the RCEOs meetings along with the induction sessions for incoming Mayors and Chairs, this is in addition to normal duties</p> <p>The Chief Science Advisor has focussed on -</p> <ul style="list-style-type: none"> • Implementation of several initiatives that enhance the coordinated vision for regional sector science, build relationships with key internal and external parties, and champion the regional sector's science capability and capacity • Establishment of channels for sector science input into Resource Management reform • Embedding of science input into the regional sector's newly established Climate Group • Promoting the role and interests of the regional sector in current reform of the New Zealand science system
Budgets for EMAR are approved by the EMAR Steering Group by 30 June each year, and delivery within these budgets is effectively managed by the EMAR Project Manager	Achieved	<p>The work plan and budget for this year was endorsed by the EMAR SG in late 2021/22 FY and formally signed off on 8 July 2023. EOFY status - work has been delivered within available budget</p> <p>Workstream activities</p> <p>Ongoing - EMAR and LAWA strategies to inform longer term direction</p> <p>Complete - All planned updates and upgrades to existing topics</p> <p>In train - Development of a new topic, 'Actions for Healthy Waterways'</p>
Be a service delivery vehicle for wider regional council sector and related bodies information management programmes and related shared services. Projects to be delivered on time and on budget as agreed in each of the Statements of Work between RSHL and the relevant regional sector group	Achieved	<p>Under the SFMS and ReCoCo programmes, RSHL supports the delivery of the following projects -</p> <ul style="list-style-type: none"> • Environmental Data Programme • Sector Reference Model Engagement Project • N-Cap Implementation • INFDP Programme • Essential Freshwater Implementation • Freshwater Farm Plans Implementation <p>RSHL ensured appropriate project management controls were in place for each project</p> <p>RSHL also managed the funding for the following sector programmes -</p> <ul style="list-style-type: none"> • LIDAR PGF Programme Manager • WellsNZ • Retrolens

Key Performance Indicator	Result 2022/23	Comment
<p>Financial</p> <p>RSHL will operate within approved budget, with any material variations approved by the Board</p>	Achieved	<p>RSHL is operating within approved operating budgets for all programmes</p> <p>In November, the Board approved a variation to the budget approved in the SOI, to reflect the additional revenue and expenditure from the IRIS NextGen Implementation Programme, which started in September 2022. The budget for this programme was not confirmed when the SOI was approved</p>
<p>Annual charges for shareholders and customers to be at the level approved by the Board and councils based upon the approved operating budget and budgets</p>	Achieved	<p>All charges have been the same or less than approved by the respective programmes</p>
<p>Growth</p> <p>Monitor the regional council sector market and explore/respond to opportunities to expand the customer and/or shareholder base of RSHL</p>	Achieved	<p>In November, RSHL welcomed Bay of Plenty Regional Council, Gisborne District Council and Hawkes Bay Regional Council as shareholders</p> <p>Additional councils will join when and if they are able, including Otago Regional Council which signed a deed of accession in July 2023</p>
<p>Work with the Regional Sector SIG Network to develop shared service opportunities</p>	Achieved	<p>The Partnership Agreement for IRIS NextGen was executed in September.</p> <p>In addition, RSHL is supporting the Essential Freshwater Programme to deliver the Integrated National Farm Data platform</p> <p>RSHL is supporting the Environmental Data Group and Digital Solutions Group to deliver the Environmental Data Management System</p>
<p>Engage with councils in the regional sector to increase the scope of the usage of IRIS NextGen. The objective is to increase the number of councils using the solution, and the breadth of the solution in use</p>	Achieved	<p>The Partnership Agreement for IRIS NextGen was executed in September with nine councils committing to the programme (two more than use IRIS)</p> <p>For the remainder of this year the focus will be on fully establishing the programme and planning the implementation schedule for the nine participating councils</p>

Consolidated Financial Statements

Statement of comprehensive revenue and expense for the year ended 30 June 2023

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Operating revenue						
Rates	3	71,061	72,488	72,488	64,096	64,096
Subsidies and grants	4	24,442	24,960	24,960	20,139	20,139
Dividend revenue	5	46,000	46,091	7,299	44,564	7,506
Interest revenue	5	6,807	6,306	8,184	2,312	2,382
Trading and other revenue	6	15,533	20,249	444,944	16,631	396,680
Reversal of impairment losses on financial assets		-	1,905	-	-	-
Vested asset revenue		-	-	-	8	8
Other revenue	7	-	432	22,829	653	25,758
Total operating revenue		163,842	172,431	580,704	148,404	516,570
Operating expenditure						
Employee benefit expenses	8	54,149	54,983	108,958	49,095	98,946
Depreciation and amortisation	17,18	8,723	8,258	47,717	8,713	44,834
Trading and other expenses	9	103,799	107,934	276,758	97,482	237,709
Finance costs	5	8,390	5,795	25,548	3,061	18,545
Other losses	7	-	269	8,495	48	12,944
Total operating expenditure		175,060	177,238	467,474	158,398	412,976
Impairment of investment in equity accounted investees	22	-	-	(9,679)	-	(599)
Share of profit/(loss) of equity accounted investees	22	-	(4)	13,820	1	17,562
Surplus/(deficit) before taxation		(11,218)	(4,811)	117,371	(9,993)	120,557
Income tax expense	10	-	(459)	40,374	-	44,526
Surplus/(deficit) after taxation		(11,218)	(4,352)	76,997	(9,993)	76,031
Attributable to:						
Equity holders of the parent		(11,218)	(4,352)	23,932	(9,993)	25,738
Non-controlling interest		-	-	53,065	-	50,293
		(11,218)	(4,352)	76,997	(9,993)	76,031

The accompanying notes form part of these financial statements.

Statement of other comprehensive revenue and expense for the year ended 30 June 2023

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Net surplus/(deficit) after tax		(11,218)	(4,352)	76,997	(9,993)	76,031
Other comprehensive revenue and expense						
<i>Items that will be reclassified to surplus/(deficit) when specific conditions are met:</i>						
Gain/(loss) on land and building revaluations		4,321	(1,259)	(1,259)	-	-
Gain on Infrastructure assets revaluations		6,615	16,254	16,254	9,553	9,553
Gain/(loss) on maritime and Lakes asset revaluations		-	(232)	(232)	-	-
Financial assets at fair value through comprehensive revenue and expense		-	102	102	816	816
Cash flow hedges - changes in fair value, net of tax		-	-	2,293	-	15,165
Cash flow hedges - reclassified to profit or loss, net of tax		-	-	(44)	-	4,382
Share of net change in cash flow hedge reserves of equity accounted investees.	22	-	-	209	-	862
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Asset revaluation, net of tax		-	-	23,530	-	625,137
Bearer plant revaluation, net of tax		-	-	(232)	-	(4,136)
Kiwifruit licence revaluation, net of tax		-	-	(571)	-	1,115
Share of net change in revaluation reserve of equity accounted investees.	22	-	-	16,283	-	13,865
Total other comprehensive revenue and expense		10,936	14,864	56,332	10,370	666,760
Total comprehensive revenue and expense		(281)	10,512	113,329	377	742,791
Total comprehensive revenue and expense attributable to:						
Equity holders of the parent		(281)	10,512	61,115	377	394,579
Non-controlling interest		-	-	72,214	-	348,212
		(281)	10,512	133,329	377	742,791

The accompanying notes form part of these financial statements.

Statement of changes in equity/net assets for the year ended 30 June 2023

	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Balance at 1 July	557,729	553,520	2,825,964	553,144	2,127,899
Total comprehensive revenue and expense previously reported	(282)	10,512	133,329	376	742,792
Adjusted balance 1 July	557,447	564,032	2,959,293	553,520	2,870,690
Increase/(decrease) in share capital	-	-	(72)	-	(37)
Dividends to shareholders	-	-	(51,836)	-	(47,203)
Non controlling interest adjustments	-	-	20	-	(13)
Retained earnings adjustment	-	-	-	-	506
Equity settled share-based payment accrual	-	-	1,462	-	2,021
Shares issued upon vesting of management LTI plan	-	-	1	-	-
Balance at 30 June	557,447	564,032	2,908,867	553,520	2,825,964
<i>Total comprehensive revenue and expense attributable to:</i>					
Equity holders of the parent	(282)	10,512	61,115	376	394,579
Non-controlling interest	-	-	72,214	-	348,212
	(282)	10,512	133,329	376	742,791

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2023

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Current assets						
Cash and cash equivalents	11	29,000	20,808	64,686	79,807	125,779
Other financial assets - current	15	16,458	71,773	71,773	35,921	35,921
Trade and other receivables	12	27,231	27,055	97,176	22,830	88,413
Inventories	13	251	641	2,627	497	2,682
Non-current assets held for sale	17	-	2,770	2,770	-	-
Derivative financial instruments	16	-	-	35	-	350
Loans to Equity accounted investees		-	-	400	-	2,930
Total current assets		72,940	123,047	239,467	139,055	256,075
Non-current assets						
Trade and other receivables - long term	14	1,467	386	19,276	722	19,335
Property, plant and equipment	17	563,049	540,678	2,960,508	519,881	2,910,435
Intangible assets	18	7,585	3,781	29,457	5,674	33,104
Biological assets	19	-	-	-	-	807
Investment property	20	-	-	100,057	-	97,308
Investments in equity accounted associates	22	7	5	274,768	8	250,598
<i>Other financial assets:</i>						
- Investment in CCO's and other similar entities	15	83,834	82,342	12,250	55,369	12,182
- Investment in other entities	15	53	50	367,720	55	304,929
- Loans to related parties (Quayside Holdings Limited)	15	150,000	64,102	-	54,602	-
Deferred tax assets	24	-	459	1,566	-	719
Derivative financial instruments	16	-	-	15,514	-	11,957
Total non-current assets		805,994	691,804	3,781,113	636,312	3,641,375
Total assets		878,934	814,851	4,020,581	775,367	3,897,451
Current liabilities						
Trade and other payables	23	17,352	18,327	61,193	13,528	57,679
Contingent consideration		-	-	359	-	368
Employee benefit liabilities	25	5,775	5,161	9,532	5,326	8,676
Borrowings	26	35,000	126,500	308,375	70,400	195,400
Derivative financial instruments	16	-	-	7	-	67
Current taxation		-	-	13,540	-	13,746
Total current liabilities		58,127	149,989	393,006	89,255	275,936

Statement of financial position as at 30 June 2023 *continued*

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Non-current liabilities						
Trade and other payables	23	6,503	6,774	6,774	6,569	6,569
Employee benefit liabilities	25	1,328	1,449	2,973	1,293	2,920
Borrowings	26	252,530	90,207	575,868	122,130	651,912
Contingent consideration		-	-	30	-	2,688
Put option	40	3,000	2,400	-	2,600	-
Derivative financial instruments	16	-	-	9,242	-	7,403
Deferred tax liabilities	24	-	-	123,824	-	124,061
Total non-current liabilities		263,361	100,830	718,711	132,592	795,553
Total liabilities		321,488	250,819	1,111,716	221,847	1,071,488
Total net assets		557,446	564,032	2,908,866	553,520	2,825,963
Equity						
Retained earnings	27	234,879	225,508	537,045	206,228	497,914
Asset revaluation reserve	28	240,177	244,764	1,313,729	229,901	1,276,518
Asset replacement reserve	28	(302)	7,684	7,684	29,774	29,774
General reserves	28	71,952	71,675	71,675	73,424	73,424
Targeted rates reserves	28	5,839	6,536	6,536	6,565 *	6,565 *
Restricted reserves	28	4,901	7,863	7,863	7,627 *	7,628 *
Total equity attributable to the group		557,446	564,032	1,944,533	553,520	1,891,823
Non-controlling interest	28	-	-	964,333	-	934,140
Total equity		557,446	564,032	2,908,866	553,520	2,825,963

* The Tarawera restoration reserve has been reclassified from Targeted rates reserves to Restricted Reserves in the 2021/22 year

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2023

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Cash flows from operating activities						
Rates		71,060	77,467	77,467	63,160	63,160
Grants		24,442	21,792	21,792	19,766	19,766
GST		(110)	327	327	76	76
Receipts from customers		15,533	17,539	435,707	20,370	417,543
Interest received		6,807	3,339	3,796	2,324	1,517
Dividends/distributions received		46,000	46,091	6,909	44,564	7,284
Taxes refunded		-	-	137	-	33
Taxes/subvention paid		-	-	(42,995)	-	(36,447)
Payments to suppliers and employees		(157,948)	(159,568)	(374,052)	(146,753)	(345,531)
Other income		-	-	-	-	906
Interest paid		(8,390)	(4,793)	(25,104)	(2,513)	(20,293)
Distribution on 'B' units		-	-	-	-	-
Net cash from operating activities		(2,606)	2,193	103,984	993	108,013
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		-	165	274	-	33
Proceeds from sale of investments		64,257	9,668	65,939	56,155	135,618
Distributions from equity investments		-	-	649	-	3,951
Distributions from equity accounted investees		-	-	20,681	-	20,314
Finance lease payments received, including interest		-	-	-	-	(13)
Advances to equity accounted investees		-	-	(4,990)	-	(2,627)
Purchase of property, plant and equipment	17	(33,703)	(16,439)	(61,299)	(17,384)	(38,729)
(Purchase)/sale of intangibles		(667)	687	105	(1,115)	(1,250)
Purchase of investment property		-	-	(13,582)	-	(8,808)
Improvements to investment property		-	-	(1,524)	-	(5,720)
Purchase of investments/financial assets		(25,000)	(70,520)	(155,958)	(6,421)	(68,599)
Investment in equity accounted investee		-	-	(23,875)	-	(30,165)
Payment of contingent consideration		-	-	(3,136)	-	(488)
Net cash from investing activities		4,886	(76,439)	(176,716)	31,235	3,517

Statement of cash flows for the year ended 30 June 2023 *continued*

	Notes	Budget 2022/23 \$000	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Cash flows from financing activities						
Proceeds from share/units issue		-	-	25,000	-	-
Repayment of borrowings		-	(70,800)	(95,800)	(15,500)	(153,529)
Proceeds from borrowings	26	75,000	94,977	144,265	27,130	137,898
Loan to Quayside Holdings Limited		(74,870)	(9,500)	(9,500)	(5,002)	(5,002)
Repayment of loan from Quayside Holdings Limited		-	-	-	-	-
Borrower Notes		(1,875)	(952)	(952)	(655)	(655)
Borrower Notes repaid		-	990	990	-	-
Repurchase of shares		-	-	-	-	(931)
Repayment of lease liabilities		-	-	(1,060)	-	(874)
Long term loans - Clean Heat		-	-	-	(172)	(172)
Loan repayments - Clean Heat		408	533	533	663	663
Dividends/distributions paid		-	-	(51,834)	-	(47,204)
Net cash from financing activities		(1,337)	15,248	11,642	6,464	(69,806)
Effects of exchange rate changes on cash and cash equivalents		-	-	(2)	-	461
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		943	(59,000)	(61,094)	38,692	42,185
Cash, cash equivalents and bank overdrafts at the beginning of the year		28,057	79,807	125,779	41,115	83,594
Cash, cash equivalents and bank overdrafts at the end of the year	11	29,000	20,808	64,686	79,807	125,779

The accompanying notes form part of these financial statements.

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

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Reported profit after tax	(4,352)	76,997	(9,993)	76,031
<i>Items classified as investing/financing activities</i>				
IFRS16 lease expenses	-	-	-	(289)
Finance lease interest revenue	-	(59)	-	(41)
Net (gain)/loss on investments	-	(12,562)	-	(15,227)
Realised foreign exchange (gains)/losses	-	-	-	26
Net (gain) on sale of property, plant and equipment	(179)	(179)	-	38
	(179)	(12,800)	-	(15,493)
<i>Add/(less) non cash and non-operating items:</i>				
Depreciation and amortisation	8,258	47,645	8,713	44,799
PBE IPSAS 31 SaaS adjustments	-	-	289	289
Work in progress expensed	-	-	890	890
Impairment of property, plant and equipment	-	3,456	-	-
Impairment of property, plant and equipment on revaluation	-	-	-	1,445
(Decrease)/Increase in deferred taxation expense	-	(1,760)	-	5,874
Ineffective portion of change in fair value of cash flow hedge	-	-	-	(51)
Movement in derivative taken to P&L	-	(38)	-	-
Reversal of previous revaluation deficit	(1,905)	-	-	508
Share of net profit after tax retained by equity accounted investees	4	(13,820)	(1)	(17,561)
Impairment of investment in subsidiaries	-	-	1,905	-
Impairment of investment in equity accounted investees	-	9,679	-	599
Increase in equity settled share based payment accrual	-	1,462	-	2,021
Non-cash interest received	-	(500)	-	-
Revenue received in advance	-	-	-	2,244
Change in the fair value of contingent consideration	-	551	-	117
Loss on sale of property, plant and equipment	269	269	48	48
Gain on revaluation of put option	(200)	-	(400)	-
Asset revenue gain	-	-	(253)	(253)
Net unrealised (gain)/loss on capital investments	(52)	(4,549)	135	1,529
Vested asset revenue	-	-	(8)	(8)
	6,373	42,395	11,318	42,490

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

	Council	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
<i>Add/(less) movements in working capital</i>				
Change in receivables	(3,541)	(12,205)	2,640	4,314
Change in prepayments	(347)	(347)	(486)	(486)
Change in inventories	(144)	(53)	(267)	(1,443)
Change in taxation payable	(459)	(647)	-	3,208
Change in foreign cash deposits	-	(57)	-	(500)
Change in payables	4,849	10,708	(2,385)	(273)
Change in employee provisions	(8)	(8)	165	165
	350	(2,609)	(332)	4,985
Net cashflow from operating activities	2,193	103,984	993	108,013

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 provide 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 2023. The financial statements were authorised for issue by Council on 26 October 2023.

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 and service performance information has 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: 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:

PBE IPSAS 41 Financial Instruments (transitioning from PBE IFRS 9)

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. The Group has applied this standard in preparing its 30 June 2023 financial statements.

The main changes under 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 losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Bay of Plenty Regional Council early adopted PBE IFRS 9 in line with the financial statements of its Subsidiary, Quayside Holdings Limited. Given how closely aligned PBE IFRS 9 and PBE IPSAS 41 are, the adoption of PBE IPSAS 41 has not had a material impact on the Annual Report for 2022/23.

The measurement categories and carrying amounts for financial assets and financial liabilities have not changed on transition to PBE IPSAS 41.

Standards issued and not yet effective, and not early adopted

There are no new or amended accounting standards and interpretations that are issued but not yet adopted that are expected to have a material impact on the Group.

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 Annual Plan 2022/23. 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 \$100.1m (2022: \$97.4m). In the case of the industrial land held by Quayside Properties Limited for development as Ranguru 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 Ranguru 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 valuation differences.

The key inputs and assumptions used in the models are:

- Nominal amount of credit protection on reference credit \$200m;
- Term of credit protection 10 years; and
- Probability of default is consistent with an A- to BBB+ credit quality. (Source: Moody's, based on empirical observations in the period 1983 to 2022).

The valuation of the put option as at 30 June 2023 was carried out by PricewaterhouseCoopers, Wellington, on 29 September 2023.

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.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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

Actual		Actual	Budget
	2021/22	2022/23	2022/23
\$000		\$000	\$000
Revenue by group of activity			
29,092	Catchment Management	32,903	33,537
19,922	Flood Protection and Control	22,710	22,023
15,295	Resource Regulation and Monitoring	16,053	16,545
37,763	Transport and Urban Planning	43,950	40,606
24,941	Democracy, Engagement and Planning	28,236	28,037
3,527	Emergency Management	4,163	3,806
14,728	Support Services	18,487	15,673
145,268	Activity operating revenue	166,502	160,228
	Reconciliation to income statement		
3,137	Plus subsidies and grants for capital expenditure	5,928	3,615
148,405	Total operating revenue - income statement	172,431	163,842
(2,084)	Less subsidies and grants for capital expenditure	(2,815)	(3,615)
(1,052)	Less other dedicated capital funding	(3,113)	-
(662)	Less non-cash revenue	(2,341)	-
144,607	Total sources of operating funding	164,162	160,228
	Expenditure by group of activity		
32,863	Catchment Management	33,952	33,053
16,498	Flood Protection and Control	18,688	18,813
16,305	Resource Regulation and Monitoring	18,260	16,488
37,363	Transport and Urban Planning	44,115	41,183
32,532	Democracy, Engagement and Planning	34,728	38,214
3,389	Emergency Management	4,158	4,024
19,448	Support Services	23,336	23,285
158,398	Total operating expenditure	177,238	175,060
	Reconciliation to income statement		
158,398	Total expenditure - income statement	177,238	175,060
	Reconciliation to funding impact statement		
(8,713)	Less depreciation	(8,258)	(8,723)
(2,088)	Less non-cash expenditure	(269)	-
147,598	Total applications of operating funding	168,712	166,338
(9,993)	Net cost of service	(4,808)	(11,218)
(2,991)	Surplus (deficit) of operating funding	(4,550)	(6,110)

*Figures include overheads and recoveries

3 Rates revenue

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
General rates	37,623	37,623	31,784	31,784
Targeted rates	35,623	35,623	32,747	32,747
Less: remissions	(758)	(758)	(435)	(435)
Total rates revenue	72,488	72,488	64,096	64,096

In August 2022, Bay of Plenty Regional Council started collecting and administering its own rates.

Since the Bay of Plenty Regional Council was established in 1989, the seven district and city councils across the region were doing this for the Council.

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

There are 136,110 rating units within the region as at 30 June 2023, compared to 133,436 as at 30 June 2022.

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

The total land value of rating units within the region is \$97,913,904,576 as at 30 June 2023, compared to \$95,633,783,678 as at 30 June 2022.

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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Waka Kotahi (Passenger Transport)	20,013	20,013	14,854	14,854
Ministry for the Environment (Rangitāiki Wetlands project)	131	131	172	172
Ministry for the Environment (Public Waterways and Ecosystem Restoration)	1,090	1,090	1,066	1,066
Ministry for the Environment (Freshwater Improvement Fund)	645	645	-	-
Ministry for Primary Industries (Wilding Conifer Control programme)	-	-	202	202
Ministry for Primary Industries (One Billion Trees programme)	251	251	502	502
Ministry for Business, Innovation and Employment (Climate Resilience programme)	2,500	2,500	2,222	2,222
Tarawera Restoration	-	-	788	788
The Department of the Prime Minister and Cabinet (Disaster Relief fund - Cyclone Gabrielle)	200	200	-	-
Other subsidies and grants	129	129	335	335
	24,960	24,960	20,139	20,139

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2022: 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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Dividend revenue				
Foreign dividends	-	2,936	-	2,551
New Zealand dividends	46,091	4,363	44,564	4,955
Total dividend revenue	46,091	7,299	44,564	7,506
Interest revenue				
Interest income	6,306	7,257	2,312	2,075
Interest on advances to equity accounted investees	-	497	-	55
Convertible note interest	-	429	-	252
Total interest revenue	6,306	8,183	2,312	2,382
Total finance revenue	52,397	15,482	46,876	9,888
Finance costs				
Interest expense on borrowings	5,795	25,374	3,061	18,465
Ineffective portion of changes in fair value of cashflow hedges	-	96	-	-
Change in fair value of fair value hedged risk	-	19	-	-
Amortisation of interest rate collar premium	-	59	-	80
Total finance costs	5,795	25,548	3,061	18,545
Net finance revenue/(finance costs)	46,602	(10,066)	43,815	(8,657)

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 measured at amortised cost and 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 measured at amortised cost and 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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Container terminal revenue	-	268,951	-	239,333
Multi-cargo revenue	-	65,043	-	63,445
Marine services revenue	-	48,582	-	39,148
Sale of goods - kiwifruit	-	2,227	-	3,199
Rental income	217	39,384	303	34,908
User fees and charges	8,807	8,807	9,084	9,084
Other revenue	11,225	11,950	7,244	7,563
Total trading and other revenue	20,249	444,944	16,631	396,680

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 (2022: 26.45ha).

Sale of goods – kiwifruit for an amount of \$2.2m 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 statement of comprehensive revenue and expense 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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Gains				
Gain on sale of property, plant and equipment	179	179	-	-
Realised foreign exchange gains	-	-	-	-
Realised gain on equity investments and associates	-	-	1	1
Change in fair value of biological assets	-	-	-	102
Change in fair value of investment property	-	-	-	25,272
Unrealised foreign exchange gain on equity investments	-	-	-	-
Gain on revaluation of Put Option	200	-	400	-
Asset revenue gain	-	-	253	253
Unrealised gain on equity investments	-	-	-	-
Net gains/(losses) on financial assets through profit and loss	-	21,659	-	-
Change in fair value of hedged risk	-	-	-	125
Ineffective portion of changes in fair value of cash flow hedges	-	133	-	6
Fair value adjustment on interest rate derivatives	-	316	-	-
Other gains	52	541	-	-
Total gains	432	22,829	653	25,759
Losses				
Loss on revaluation of investment properties	-	4,129	-	-
Impairment loss on investment property under construction	-	3,456	-	-
Loss on revaluation bearer plants	-	641	-	-
Realised foreign exchange losses	-	-	-	43
Realised loss on equity investments	-	-	-	789
Unrealised loss on equity investments	-	-	-	4,112
Losses on financial assets through profit and loss	-	-	-	12,896
Loss on sale of fixed assets	269	269	48	48
Total losses	269	8,495	48	17,888
Net gains/(losses)	163	14,334	605	7,871

During 2023, Quayside management fully impaired the work in progress for the property under development located in Rotorua (Sala Street).

Quayside management used a residual value method to assess the property fair value as of 30 June 2023. As the cost to complete exceeds the value of the property as complete, it was decided to fully impair the asset.

The value of the property as of complete was calculated based on a maintainable income from the leasehold property of \$0.5m and a capitalisation rate of 7.3%. The expensed amount is \$3.5m.

The Group gain and losses from financial assets measured at fair value through profit and loss are presented on a net basis (including the comparatives), compared to last year, when these were presented on a gross basis. The current presentation enhances the relevance, understandability and comparability of the information and aligns with market practice. Also refer to Note 35 which outlines the amount reclassified for 2022.

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. Net gains and losses on individual equities securities are presented either in other income or in other losses.

8 Employee benefit expenses

	Council	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Salaries and wages	49,027	100,163	43,823	91,141
Superannuation	1,533	3,495	1,374	3,083
Other employee related expenses	4,422	5,299	3,898	4,722
	54,983	108,958	49,095	98,946

9 Trading and other expenses

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Fees to auditors				
<i>*Audit fees for the audit and review of the financial statements:</i>				
<i>*Audit New Zealand - audit fees paid to principal auditor (Council and Quayside Group) financial statements</i>	200	516	175	427
<i>- KPMG - audit fees paid to principal auditor (Port of Tauranga Group) financial statements</i>	-	357	-	234
<i>Fees paid for other services provided</i>				
<i>-fees to Audit New Zealand for audit of Council</i>				
Debenture Trust Deed	10	10	8	8
<i>- KPMG - other assurance services</i>	-	10	-	5
Bad debts written-off	(66)	(66)	41	41
Consultation fees	6,623	6,623	5,155	5,155
Contracted services for port operations	-	98,975	-	84,796
Contract work	56,843	56,843	46,765	46,765
Direct fuel and power expenses	1,014	19,836	691	15,185
Directors' fees	-	506	-	460
Grants, contributions and sponsorships	17,598	17,598	18,204	18,204
Impairment loss on financial asset	-	-	1,905	-
Insurance	1,761	1,761	1,364	1,364
Legal fees	846	846	1,076	1,076
Licenses software/hardware	3,407	3,407	3,442	3,442
Maintenance costs	3,202	18,699	2,537	15,432
Operating lease payments	751	751	562	562
Operational materials	3,431	3,431	2,778	2,778
Orchard expenses	-	1,345	-	1,196
Other expenses	10,362	43,358	9,474	37,273
Professional development	1,385	1,385	935	935
Rates	251	251	221	221
Rates commission	89	89	1,821	1,821
Valuation costs	227	227	330	330
Total trading and other expenses	107,934	276,758	97,483	237,710

*The Council 2022/23 amount relates to the audit of 2022/23 financial statements. The Group 2022/23 audit fees consist of \$476,050, for the audit of the 2022/23 financial statements. Additional fees of \$30,500 have been recognised for the audit of the 2021/22 financial statements.

The total value of all assets that are covered by insurance contracts, are \$188m 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 \$462m and the maximum amount available to the local authority under those arrangements is \$60m; 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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Profit/(loss) before income tax for the period	(4,811)	117,370	(9,994)	120,556
Income tax on the surplus/(deficit) for the period at 28%	(1,347)	43,934	(2,798)	45,059
<i>Tax effect of amounts which are non deductible / (taxable) in calculating taxable income:</i>				
Non-taxable income	1,347	1,347	17,828	17,828
Fair value (loss)/gain through profit and loss	-	(3,914)	-	2,969
Exempt dividends (Wholly owned group)	-	(15,471)	-	(14,424)
Foreign dividend regime	-	1,097	-	1,050
Impairment of investment in equity accounted investees	-	2,876	-	-
Share of equity accounted investees after tax income, excluding CODA Group limited partnership	-	(4,400)	-	(4,453)
Dividend imputation credits/other tax credits	-	15,764	(15,030)	(1,789)
PIE attributed (income)/loss	-	678	-	-
Other attributed income/(loss)	-	(463)	-	5
Group loss offset election	-	-	-	(826)
Recognition of tax losses	(528)	(528)	-	-
Non-exempt income for tax purposes	70	70	-	-
Tax losses utilised	-	(29)	-	-
Tax losses unutilised	-	1,947	-	35
Prior period adjustment	-	(727)	-	(883)
Assessible income on disposal	-	-	-	401
Loss on disposal of Equity Accounted Investees	-	64	-	-
Other	-	(1,871)	-	(444)
Income tax expense	(459)	40,373	-	44,527
The income tax (benefit)/expense is represented by:				
<i>Current tax expense</i>				
Tax payable in respect of the current period	-	43,395	-	39,437
Adjustment for prior period	-	(905)	-	(740)
Total current tax expense	-	42,490	-	38,696
<i>Deferred tax expense</i>				
Current period	(459)	(459)	-	-
Origination/reversal of temporary differences	-	(1,253)	-	6,154
Adjustment for prior period	-	(405)	-	(323)
Total deferred tax expense	(459)	(2,117)	-	5,831
Income tax expense	(459)	40,373	-	44,527

Subsidiary	Group 2022/23	Group 2021/22
	\$000	\$000
Income tax recognised in other comprehensive revenue and expense		
Revaluation of property, plant and equipment	-	22,912
Revaluation of bearer plants	(90)	1,627
Revaluation of intangibles	(222)	(433)
Cashflow hedges	874	7,602
Total	562	31,708
	Group	Group
Imputation credit account - Subsidiary	2022/23	2021/22
	\$000	\$000
<i>Quayside Holdings Limited</i>		
Imputation credits available for use in subsequent periods	139,376	131,623

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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Cash at bank and in hand	20,808	64,686	79,807	125,779
Total cash and cash equivalents	20,808	64,686	79,807	125,779

While cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for the credit losses is trivial (30 June 2022: 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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Rates receivables	5,271	5,271	9,796	9,796
Trade receivables	4,839	68,055	3,079	57,901
Kiwifruit income receivable	-	2,042	-	2,786
Trade receivables from equity accounted investees, subsidiaries and related parties	-	147	-	326
Advances to equity accounted investees	-	1,400	-	1,400
Prepayments and sundry receivables	17,388	20,932	10,503	16,963
	27,498	97,847	23,378	89,172
Less provision for impairment trade and rates receivables	(443)	(443)	(548)	(548)
Less provision for expected credit losses - advances to equity accounted investees	-	(158)	-	(211)
Total current trade and other receivables	27,055	97,246	22,830	88,413

	Council 2022/23	Council 2021/22
	\$000	\$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	15,188	14,363
Receivables from exchange transactions - this includes outstanding amounts for the sale of goods and services and clean heat rates	11,867	8,467
Total current receivables	27,055	22,830

The ageing of trade receivables at reporting date was:

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Not past due	3,098	48,537	2,800	46,300
Past due but not impaired 0 - 30 days	58	14,539	68	9,978
Past due but not impaired 30 - 60 days	1,367	2,067	71	1,027
Past due but not impaired 60 - 90 days	9	1,020	26	193
More than 90 days	307	1,892	114	402
	4,839	68,055	3,079	57,901

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: \$19k (2022: Nil)
- Sections 90B: \$Nil (2022: 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 advances to Equity Accounted Investees, which have not had a significant increase in credit risk since initial recognition, ECLs are calculated based on the probability of a default event occurring within the next 12 months. An industry-accepted probability of default is obtained annually from the Standard & Poor's Global Corporate Default Study 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 2022/23	Expected loss rate (default rate)	Trade Receivables as at 30 June 2023	Loss allowance on trade receivables
Aging	%	\$000	\$000
Current	1.48%	3,098	46
30 - 60 days	78.33%	58	46
60 - 90 days	51.13%	1,367	79
90 + days	85.19%	9	8
180+ days	29.97%	307	92
		4,839	270

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

Subsidiary 2022/23	Expected loss rate (default rate)	Trade Receivables as at 30 June 2023	Loss allowance on trade receivables
Aging	%	\$000	\$000
Current	0.00%	45,586	0
0 - 30 days	0.00%	14,481	0
30 - 60 days	0.00%	700	0
60 - 90 days	2.78%	983	27
90+ days	2.78%	1,542	43
		63,293	70

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
0 - 30 days	0.00%	9,910	0
30 - 60 days	0.00%	956	0
60 - 90 days	0.00%	167	0
90+ days	0.00%	288	0
		54,875	-

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
At 1 July	548	548	507	507
Additional provisions made during the year	443	513	548	548
Provisions reversed during the year	(548)	(548)	(507)	(507)
At 30 June	443	513	548	548

Judgements

A provision for doubtful receivables is established when the assessment under PBE IPSAS 41 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 2023 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

The subsidiary prepayment is predominantly made up of a \$22.5m 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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Inventory of parts and consumables	641	2,627	497	2,682
	641	2,627	497	2,682

There were no inventories written off or pledged as security for liabilities during the year (2022: 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 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Prepayments and sundry receivables	-	18,891	-	18,612
Rotorua Hot Swap debtors	385	385	722	722
	385	19,276	722	19,335
		Council 2022/23 \$000	Council 2021/22 \$000	
Total non-current receivables comprise:				
Receivables from exchange transactions - this includes outstanding amounts for clean heat rates		385	722	
Total non-current receivables		385	722	

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 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Current				
Term deposits	71,773	71,773	35,921	35,921
Total current portion	71,773	71,773	35,921	35,921
Non-current portion				
<i>Investment in CCO's and similar entities</i>				
Investment in Quayside Holdings Ltd	92	-	92	-
Investment in Toi Moana Trust	70,000	-	43,095	-
Unlisted shares in NZ LGFA	8,785	8,785	8,678	8,678
Borrower notes NZ LGFA	3,465	3,465	3,503	3,503
Total investment in CCO's and other similar entities	82,342	12,250	55,368	12,181
<i>Loans to related parties (Quayside Holdings Limited)</i>				
Loan to Quayside Holdings Ltd	64,102	-	54,602	-
Total loans to related parties	64,102	-	54,602	-
Non-current portion				
<i>Investments in other entities</i>				
Advances to Equity accounted investees	-	7,288	-	-
Listed assets	-	206,878	-	193,578
Unlisted direct equity investments	-	18,943	-	15,560
Venture capital managed funds	-	62,552	-	50,240
Convertible Notes	-	4,893	-	2,647
Other equity investments	-	67,116	-	42,849
Investment in Civic Financial Services Ltd	50	50	55	55
Total investments in other entities	50	367,720	55	304,929
Total non-current portion	146,494	379,970	110,025	317,110
Total other financial assets	218,267	451,743	145,947	353,032

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 \$65m (2022: \$29.5m) 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 2023 is \$2,536b (2022: \$2,466b).

Refer to the Annual report 2022/23 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 \$45m with a further \$25m invested in 2022/23 resulting in a total cost of \$70m. Council have done a fair value assessment at 30 June 2023, resulting in a \$1.905m reversal of the previous year's revaluation decrease (2022: \$1.905m revaluation decrease). This has resulted in the value for Toi Moana Trust as at 30 June 2023 being \$71.643m (2022: \$43.095m).

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 \$86.5m (2022: \$68.4m) 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 2023 (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 Quayside 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 \$4.9m (2022: \$2.6m). These 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 2023 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 Information	Fair Value 2023 \$000	Significant Inputs
Adjusted share of net assets	31/03/2023	18,750	1. Manage audited financial statements 2. Management assessment of the unaudited report
Adjusted share of net assets	31/12/2022	43,802	3. Manager quality report
Total venture capital managed funds		62,552	

Unlisted direct equity investments

Valuation Method	Audited Information	Fair Value 2023 \$000	Significant Inputs
Discounted Cash Flow and Earnings Multiple	30/06/2022	12,239	1. Compound annual growth in Revenue and Gross Profit 2. Discount Rate 3. Terminal value multiple
Cost	N/A	6,705	N/A
Total direct equity investments		18,943	

Uncalled capital commitments

Quayside Holdings Limited has uncalled capital commitments of \$72.8 million (2022: \$56.4 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 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Financial assets at amortised costs				
Term deposits	71,773	71,773	35,921	35,921
Shares in Quayside Holdings Ltd	92	-	92	-
Investment in Toi Moana Trust	70,000	-	43,095	-
Loan to Quayside Holdings Ltd	64,102	-	54,602	-
Advances to Equity accounted investees	-	7,288	-	-
Total financial assets at amortised costs	205,967	79,061	133,710	35,921
Financial assets at fair value through other comprehensive revenue and expense				
Bond and other fixed rate notes	-	-	-	-
Unlisted shares in NZ LGFA Ltd	8,785	8,785	8,678	8,678
Investment in Civic Financial Services Ltd	50	50	55	55
Total investment in CCO's and other similar entities	8,835	8,835	8,733	8,733
Financial assets at fair value through surplus or deficit				
Other equity investments	-	360,382	-	304,874
Borrower notes LGFA	3,465	3,465	3,503	3,503
Total financial assets at fair value through surplus or deficit	3,465	363,847	3,503	308,377
Total other financial assets	218,267	451,743	145,947	353,032

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, Civic Financial Services Ltd and Regional Software Holdings Limited, 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 amortised 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

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 fair 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. Net 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 statement of comprehensive revenue and expense, 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 statement of comprehensive revenue and expense.

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 group 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 (2022: nil).

16 Derivative financial instruments

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Current assets				
Foreign exchange derivatives - cash flow hedges	-	35	-	350
Total current assets	-	35	-	350
Non-current assets				
Interest rate derivatives - cash flow hedges	-	15,497	-	11,957
Foreign exchange derivatives - cash flow hedges	-	17	-	-
Total non current assets	-	15,514	-	11,957
Total assets	-	15,549	-	12,307
Current liabilities				
Interest rate derivatives - cash flow hedges	-	(7)	-	(67)
Total current liabilities	-	(7)	-	(67)
Non-current liabilities				
Interest rate derivatives - fair value hedge	-	(9,242)	-	(7,403)
Total non current liabilities	-	(9,242)	-	(7,403)
Total liabilities	-	(9,249)	-	(7,470)

For further information on cash flow hedges refer to note 37

Cash flow hedges

The Port of Tauranga Group manages its interest rate risk and foreign exchange risk by designating cash flow hedges.

The Port of Tauranga Group'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 Port of Tauranga Group uses foreign exchange forwards to hedge its foreign exchange risk exposure in respect of highly probably forecast transactions. The Port of Tauranga Group designates the forward rates of foreign currency forward in hedge relationships.

The Port of Tauranga Group applies a hedge ratio of 1:1.

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.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as property, plant and equipment), the deferred hedging gains and losses, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (eg: through depreciation).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

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.

The Port of Tauranga Group applies a hedge ratio of 1:1.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance expenses, together with

changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

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 based on observable forward price curves. The fair value of forward exchange contracts is calculated as the present value of future cash flows based on quoted forward exchange rates at the reporting date.

All financial instruments held by the group and designated fair value are classified as level 2 under the fair value measurement hierarchy. Refer to note 1.

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.

17 Property plant and equipment

	Accumulated depreciation and		Carrying amount 01 July 2022	Current year					Depreciation		Accumulated depreciation and			
	Cost / impairment revaluation charges			Current year additions		Current year adjustments		Current year impairment charges		write back on revaluation adjustments		Cost / impairment charges		Net book value
	01 July 2022	01 July 2022		disposals	reclassifications	or impairment charges	Current year depreciation	Revaluation surplus	disposals	revaluation adjustments	revaluation	charges	amount	
	\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bay of Plenty Regional Council - Current assets														
Non-current assets held for sale														
Land	-	-	-	-	-	1,814	-	-	-	-	-	1,814	-	1,814
Buildings	-	-	-	-	-	957	-	-	-	-	-	957	-	957
Council non-current assets held for sale	-	-	-	-	-	2,770	-	-	-	-	-	2,770	-	2,770
Non-current assets														
Operational assets														
Land	9,047	-	9,047	-	-	-	-	-	(587)	-	-	8,460	-	8,460
Buildings	40,950	(651)	40,299	221	-	-	-	(641)	(1,969)	-	1,287	39,202	(5)	39,198
Plant and Equipment	32,149	(18,553)	13,596	2,770	(1,818)	-	-	(2,672)	-	1,715	-	33,101	(19,510)	13,591
Maritime	1,376	(135)	1,241	-	-	-	-	(135)	-	-	-	1,376	(270)	1,106
Works In Progress	2,413	-	2,413	2,891	-	-	-	-	-	-	-	5,304	-	5,304
Infrastructural assets														
Flood Protection														
Kaituna	79,887	(317)	79,570	4,250	-	(2,297)	-	(354)	2,574	-	317	84,414	(354)	84,060
Rangitaiki/Tarawera	126,952	(299)	126,653	131	-	3,762	50	(361)	8,491	13	286	139,336	(311)	139,025
Whakatāne/Tauranga	103,025	(1,302)	101,722	106	(21)	422	(1,700)	(1,061)	(4,058)	11	1,292	99,473	(2,761)	96,712
Waioeka/Otara	52,627	(152)	52,475	181	(31)	193	-	(338)	3,390	17	135	56,359	(338)	56,022
Rangitaiki Drainage	16,560	(33)	16,527	5	(34)	14	-	(26)	496	-	33	17,041	(26)	17,015
Communal Pumping	5,272	(3,987)	1,286	-	-	-	-	(235)	-	-	-	5,272	(4,222)	1,051
Other Structures	1,060	-	1,060	-	-	-	-	-	-	-	-	1,060	-	1,060
WIP Rivers & Drainage	41,057	-	41,057	5,664	-	-	-	-	-	-	-	46,720	-	46,720
Lakes Restoration	12,414	(1,171)	11,243	-	(455)	-	-	(1,026)	-	31	-	11,959	(2,165)	9,794
WIP Lakes Restoration	-	-	-	11	-	-	-	-	-	-	-	11	-	11
Restricted assets														
Parks Land	7,331	-	7,331	-	-	-	-	-	-	-	-	7,331	-	7,331
Parks Buildings	1,084	(53)	1,031	3	(84)	-	-	(34)	-	4	-	1,003	(82)	920
Flood protection	2,356	(30)	2,326	-	-	-	-	(30)	103	-	(30)	2,459	(30)	2,429
Other Restricted assets														
Land	2,764	-	2,764	8	-	-	-	-	-	-	-	2,771	-	2,771
Flood Protection	8,556	(315)	8,241	-	-	-	-	(142)	-	-	-	8,556	(457)	8,099
Council property plant and equipment	546,879	(26,997)	519,882	16,239	(2,444)	2,094	(1,650)	(7,053)	8,440	1,791	3,380	571,208	(30,530)	540,678

Subsidiary	Accumulated depreciation and		Carrying amount 01 July 2022	Current year		Current year		Revaluation surplus	Depreciation write back on		Accumulated depreciation and		Net book value amount
	Cost / revaluation 01 July 2022	impairment charges 01 July 2022		Current year additions	disposals	Current year adjustments	impairment charges		Current year depreciation	write back on disposals	revaluation adjustments	Cost / revaluation 30 June 2023	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiary													
Freehold land	1,468,895	-	1,468,895	-	-	-	-	23,530	-	-	1,492,425	-	1,492,425
Freehold buildings	142,108	(106)	142,002	231	-	-	-	(4,773)	-	-	142,339	(4,879)	137,460
Wharves and hardstanding	447,938	(14,612)	433,326	19,598	-	-	-	(18,923)	-	-	467,536	(33,535)	434,001
Harbour improvements	208,979	(1,250)	207,729	846	-	-	-	(1,838)	-	-	209,825	(3,088)	206,737
Bearer Plants	2,669	-	2,669	-	-	-	-	(205)	(1,169)	205	1,500	-	1,500
Plant and equipment	262,370	(131,212)	131,158	6,020	(3,546)	-	-	(12,193)	-	3,431	264,844	(139,974)	124,870
Capital work in progress	10,358	-	10,358	18,384	-	-	-	-	-	-	28,742	-	28,742
Subsidiary property plant and equipment	2,543,317	(147,180)	2,396,137	45,079	(3,546)	-	-	(37,932)	22,361	3,431	2,607,211	(181,476)	2,425,735
Elimination of interest capitalised	(5,570)	-	(5,570)	(335)	-	-	-	-	-	-	(5,905)	-	(5,905)
Total Group property plant and equipment	3,084,626	(174,177)	2,910,449	60,983	(5,990)	2,094	(1,650)	(44,985)	30,801	5,222	3,172,514	(212,006)	2,960,508

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 \$10.1m in 2017. The impairment amount is reviewed annually and has reduced accordingly with each annual review. In 2023 the impairment was reduced to \$450,000 (2022: Impairment was \$500,000).

A major project of repairs is underway on sections of stopbanks through Whakatane town following condition and risk assessments and as a result of urban encroachment damage. This has resulted in an additional impairment for 2023 amount to \$1.7m. Works are expected to be undertaken in 2023/24 and 2024/25 to repair these stopbanks.

The latest valuation for Flood Protection assets was at 1 July 2022 with the estimated replacement cost as below:

Flood Protection & Control Works	Closing Book Value	Constructed by Council	Transferred to Council	Estimated Replacement Cost
	\$000	\$000	\$000	\$000
as at 30 June 2023	395,262	4,580	-	439,879
as at 30 June 2022	379,273	18,982	-	391,694

	Accumulated depreciation and impairment		Carrying amount	Current year adjustments					Depreciation write back on revaluation			Accumulated depreciation and impairment		Net book value amount	
Cost / revaluation	charges	01 July 2021		Current year additions	Current year disposals	reclassifications	or Current year depreciation	Current year Revaluation surplus	to depreciation	disposals	on revaluation adjustments	Cost / revaluation	charges		30 June 2022
01 July 2021	01 July 2021	01 July 2021	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$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)	12,159	4,633	(4,211)	(2)	(3,184)	-	38	4,165	-	32,149	(18,553)	13,596	
Maritime	1,331	(0)	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	-	-	(0)	(0)	-	-	-	-	-	-	-	-	-	-	
Rivers & Drainage - 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	

	Accumulated depreciation and			Current year				Depreciation write back on				Accumulated depreciation and		
	Cost / revaluation 01 July 2021	impairment charges 01 July 2021	Carrying amount 01 July 2021	Current year additions	year disposals	Current year adjustments	Current year depreciation	Revaluation surplus	Current year adjustments to depreciation	Depreciation write back on revaluation	Depreciation write back on revaluation	Cost / revaluation 30 June 2022	impairment charges 30 June 2022	Net book value amount 30 June 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$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	-	-	-	208,966	(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	2,543,304	(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

Non-current assets held for sale

Council acquired property on Cutwater Road, Pukehina during 2022/23 to develop 30 hectares of it to wetland. The remaining property has been presented as assets held for sale as Council has no intention to use it. A sale and purchase agreement has been signed and completion date of the sale was expected to be October 2023 but may be delayed by a few months due to complexities in the boundary adjustment process.

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 2023 Notional Carrying Amount	2022 Notional Carrying Amount
Freehold land	119,203	119,203
Freehold buildings	81,285	85,235
Wharves and hardstanding	123,819	112,239
Harbour improvements	60,899	61,778
Bearer Plants	715	920
Total notional carrying amount	385,921	379,375

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 \$5.3m (2022: \$2.7m).

Subsidiary

The estimated capital expenditure for property, plant and equipment contracted for at balance date but not provided for is \$38.3m (2022: \$32.2m).

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 2023, the subsidiary revalued land. For the remaining asset classes, the subsidiary has assessed that there has been no material change in the fair value of each asset class since the last revaluation.

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 2023 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 2023.

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 2023.

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.

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 2022 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 2023 was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of land by \$23.53m.

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	2023		2022	
			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	\$470-\$1,650	766	\$450 - \$1,650	\$755
	Auckland land – land adjacent to MetroPort Auckland per square metre	6.8	\$1,050	1,050	\$1,000 - \$1,067	\$1,050
	Rolleston land – MetroPort Christchurch per square metre	15	\$160	160	\$140	\$140

- 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 as at 30 June 2023 was carried out by Colliers International New Zealand Limited. The valuation increased the carrying amount of buildings by \$4.753m. 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	2023		2022	
		Range of significant assumptions	Weighted average	Range of significant assumptions	Weighted average
Capitalised income model	Market capitalisation rate	1.75%-9.50%	3.71%	1.75 -9.50%	3.71%

Wharves and hardstanding, and harbour improvements

Wharves, hard standing and harbour improvements assets are classified as specialised assets and have accordingly been valued on a Depreciated Replacement Cost basis, adjusted for a cost inflation index provided by WSP New Zealand Limited. This index movement increased the carrying amount of these asset classes by \$104m.

To calculate the cost inflation adjustment, 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 land 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 2023.

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	2023		2022	
		Range of significant assumptions	Weighted average	Range of significant assumptions	Weighted average
Depreciated replacement cost basis	Wharf construction replacement unit cost rates per lineal metre – high performance wharves	\$137,300 - \$282,000	\$232,500	\$137,300 - \$282,000	\$232,500
	Earthworks construction replacement unit cost rates per square metre	\$8.09	\$8.09	\$8.09	\$8.09
	Basecourse construction replacement unit cost rates per square metre	\$23.45 - \$45	\$37	\$23.45 - \$45	\$37
	Asphalt construction replacement unit cost rates per square metre	\$29 - \$59	\$47	\$29 - \$59	\$47
	Capital dredging replacement unit cost rates per square metre	\$5 - \$89	*	\$5 - \$89	*
	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	1-37 years	14 years
	Wharves remaining useful lives	0-61 years	20 years	0-61 years	20 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:

		Impact of change in assumption	
		NZ/000	
Unobservable inputs within the direct sales comparison approach for land			
Rate per square metre	10% increase / decrease	-\$149,243	\$149,243
Unobservable inputs within the income capitalisation approach for buildings			
Market rent	10% increase / decrease	-\$25,500	\$92,200
Market capitalisation rate	0.5% increase / decrease	\$105,300	-\$24,500
Unobservable inputs within depreciated replacement cost analysis for buildings, wharves and hardstanding, and harbour improvements			
Unit costs of construction	The greatest uncertainty is the level of the unit rates. We have used a 90% confidence interval in these unit rates to be between -15% to 18%	-\$24,344	\$61,500

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. One exception to the three yearly revaluation cycle is the Port of Tauranga land that is revalued on an annual basis. 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	2 - 40 years	2.5% - 50%
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% 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.

Non-current assets held for sale - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs are recognised in surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

18 Intangible assets

2023	Cost	Accumulated amortisation and impairment charges	Carrying amount	Additions	Disposals	Adjustments	Amortisation charges	Current year amortisation adjustments	Revaluation surplus	Current year disposals	Depn write back on revaluation adjustments	Cost / Accumulated revaluation amortisation and impairment charges	Net book value	
	01 July 2022	01 July 2022	01 July 2022				Current Year					30 June 2023	30 June 2023	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Bay of Plenty Regional Council														
Intangible assets														
Computer														
Software	12,776	(8,289)	4,488	494	-	-	(1,207)	-	-	-	-	13,270	(9,496)	3,774
Work in Progress	1,188	-	1,188	(1,181)	-	-	-	-	-	-	-	6	-	6
Council Intangible Assets	13,962	(8,289)	5,674	(687)	-	-	(1,207)	-	-	-	-	13,277	(9,496)	3,781
Subsidiary Intangible Assets														
Computer														
Software	5,416	(3,706)	1,710	740	-	-	(526)	-	-	-	-	6,156	(4,232)	1,924
Rail Services Agreement	4,171	(1,293)	2,878	-	-	(157)	(760)	-	-	-	-	4,014	(2,053)	1,961
Goodwill	18,420	-	18,420	-	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	4,422	-	4,422	-	-	-	(258)	-	(1,051)	-	258	3,371	-	3,371
Subsidiary Intangible Assets	32,429	(4,999)	27,430	740	-	(157)	(1,544)	-	(1,051)	-	258	31,961	(6,285)	25,676
Group Intangible Assets														
Computer														
Software	18,192	(11,995)	6,198	1,234	-	-	(1,733)	-	-	-	-	19,426	(13,728)	5,698
Rail Services Agreement	4,171	(1,293)	2,878	-	-	(157)	(760)	-	-	-	-	4,014	(2,053)	1,961
Goodwill	18,420	-	18,420	-	-	-	-	-	-	-	-	18,420	-	18,420
Kiwifruit Licence	4,422	-	4,422	-	-	-	(258)	-	(1,051)	-	258	3,371	-	3,371
Work in Progress	1,188	-	1,188	(1,181)	-	-	-	-	-	-	-	6	-	6
Group Intangible Assets	46,391	(13,288)	33,104	53	-	(157)	(2,751)	-	(1,051)	-	258	45,238	(15,781)	29,457

2022	Cost	Accumulated	Carrying	Additions	Disposals	Adjustments	Amortisation	Current year	Revaluation	Current year	Depn write	Cost /Accumulated	Net book	
	amortisation	and	amount				charges	depreciation	surplus	disposals	back on	revaluation	value	
	impairment	charges									revaluation	amortisation		
	charges										adjustments	and		
												charges		
	01 July 2021	01 July 2021	01 July 2021				Current Year					30 June 2022	30 June 2022	
	\$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	46,392	(13,288)	33,104

	Group	
	2022/23	2021/22
	\$000	\$000
Kiwifruit Licence Revaluation Reserve		
Opening balance	3,536	2,421
Revaluation reversal	(570)	1,115
Revaluation, net of tax		-
Closing balance	2,966	3,536

G3 licences

The G3 licences held are for a total of 5.53ha (2022: 5.53ha).

A registered valuer at 30 June 2023 determined that the fair value for licences held by the Group was \$3,371,470. The current valuation is based on \$610,000 per hectare, which was the median G3 licence cost from Zespri's 2023 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 (2022: \$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 2023 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 been applied to determine whether each of these services are distinct or not from 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 no costs (2022: \$24,072) 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 intangible asset in accordance with PBE IPSAS 31 Intangible Assets.

During the financial year, no costs were recognised by the Group (2022: \$nil) 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 pledged 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 statement of comprehensive revenue and expense, the increase is recognised in the statement of comprehensive revenue and expense. If the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in the statement of comprehensive revenue and expense 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: 4 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.

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
Forestry	\$000	\$000	\$000	\$000
Balance at 1 July	-	807	-	680
Disposals		(807)		
Change in fair value less estimated costs to sell	-	-	-	127
Balance at 30 June	-	-	-	807

In December 2022, the forestry block comprised 103.5ha of pinus radiata was sold. The land and biological assets were sold for a net consideration of \$3.6m. The gross price allocated to the crop was \$0.7m

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 (2022: 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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Balance at 1 July	-	97,308	-	56,908
Additions - work in progress (at cost)	-	13,609	-	6,044
Additions - Acquisitions (at cost)	-	-	-	9,033
Sales	-	(3,050)	-	-
Fair value gains/(losses) on valuation	-	(7,810)	-	25,323
Balance at 30 June	-	100,057	-	97,308

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Classified as:				
Investment property - Held for sale - Current	-	-	-	-
Investment property - Non current	-	100,057	-	97,308
	-	100,057	-	97,308
Rental income from investment properties	-	1,856	-	1,646
Expenses from investment property generating income	-	593	-	186

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
Industrial Zoned Land for future development as a 'Rangiuru Business Park'.	Rangiuru, Te Puke	Kiwifruit orchards, leased dairy grazing land and residential rentals.
Commercial Building	Sala Street, Rotorua	Commercial Lease

The rural block located in Paengaroa was sold during the financial ending June 2023.

Rangiuru Land classification

The management run an assessment in order to determine the classification of Rangiuru Land as at 30 June 2023. The decision to classify the land as investment property instead of inventory requires a high degree of judgement from the management.

In 2005 the Group 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, 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 date, earthworks are being carried out to develop the land. In the meantime, works for the interchange have also 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 Quayside's 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 developing 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 \$400.00 (2022: \$438.51) per sqm (Commercial)
			Net market rent of \$189.80 (2022: (\$181.80)) (Industrial, Mount Maunganui)
			Net market rent of \$173.02 (2022: \$153.75) (Industrial, Hamilton)
			Capitalisation rate range of 5.75% and 6.5% (2022:4.875% and 5.375%)
			Discount rate of 6.5% and 7.25% (2022: 5.75% and 6.00%)
Residential Rural Block - Tauriko	Market approach	Current use	\$550/ha to \$250,000/ha for improvements and land respectively.
Rangiuru Business Park	Market approach	Stage 1 Land - Industrial park development	Stage 1 Land - \$Stage 1 Land - n/a (2022: \$4.4to \$70/sqm.)
		Stage 2 land - Orchard/rural	Stage 1 Developed Land - \$5 to \$112.50/sqm (2022: \$85/sqm.)
			Stage 2 Land - \$60/sqm (2022: \$60/sqm.)

Commitments

The QHL Group has a \$46m commitment in relation to the development of the Rangiuru Business Park (June 2022: \$1.4m) and \$7m commitments towards the main contractor for the development of the building located in Rotorua, Sala Street.

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		Balance date
		2023 %	2022 %	
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
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	100.00	30 June
Quayside Mystery Valley Limited (QMLV)	Holds investment property	100.00	100.00	30 June
Quayside Barnett Place Limited (QBPL)	Holds investment property for annuity	100.00	100.00	30 June
Quayside Portside Drive Limited (QPDL)	Holds investment property for annuity	100.00	100.00	30 June
Quayside The Vault Limited	Holds investment property for annuity	100.00	100.00	30 June
Quayside Tauriko Limited (QTL)	Holds investment property for annuity	100.00	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 and have their place of business 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	2023	2022
	\$000	\$000
Non current assets	2,744,590	2,671,990
Current assets	79,679	71,536
Non current liabilities	(469,916)	(485,890)
Current liabilities	(220,637)	(183,198)
Net assets (100%)	2,133,716	2,074,438
Group's share of net assets 54.14% (2022: 54.14%)	1,155,194	1,123,101
Non Controlling Interest 45.86% (2022: 45.86%)	978,522	951,337
Accounting adjustment to non controlling interest	(13,947)	(17,198)
	964,575	934,139

Port of Tauranga Group - summary of financial performance and cashflow

Operating revenue	420,928	375,288
Profit after income tax	117,136	111,317
Total comprehensive income	159,941	770,728
Net cash inflow from operating activities	144,572	145,249
Ending cash and cash equivalents	8,506	7,272

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 statement of comprehensive revenue and expense, 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		2023	2022	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
TRG Pharmaceuticals Limited (previously HoneyLab Limited)	Honey products	Associate	25.74	25.74	31 Mar*
Rhodium Limited	Dental technology	Associate (financial asset as at 30 June 2023)	7.35	13.02	31 Dec*
Techion Holdings Limited	Diagnostic technology	Associate	29.18	29.18	30 June
Oriens Capital	Private equity fund	Associate	19.77	19.77	31 Mar*
PF Olsen Holdings Limited	Forestry Management	Associate	44.43	44.43	31 Dec*
HRL Property Limited	Land ownership	Joint venture	63.70	49.00	30 Jun
Goodbuzz Limited	Kombucha Manufacturer	Associate	33.30	33.30	31 Mar
Lakes Commercial Developments Limited	Commercial property development	Joint venture	24.90	nil	30 June
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

Name of Entity	Principal Activity		2023 Balance		Date
			%	%	
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	50.00	30 June

* Non-standard balance dates of Group equity accounted investees are aligned to their business cycle and are accepted on the basis they are not material to the Group. All of Quayside Holdings equity accounted investments except for Techion Holdings Limited and WNT Ventures, are audited to a balance date earlier than 30 June 2023 (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 Quayside's 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 at 30 June. Quayside Holdings accepts the use of unaudited management accounts on the basis that changes, if any, between management accounts and audited accounts, would not be material to the Group. The equity Accounted Investees are all incorporated / established in New Zealand.

The joint venture and associate investments of Quayside Holdings Limited and Quayside Properties Limited are held for investment purposes, to diversify Quayside Group's income earning asset base.

During the year, Quayside Holdings has acquired additional ownership in HRL Property Limited and Lakes Commercial Development. Quayside management has performed a control assessment for these entities and determined that the classification as Joint Venture is still appropriate. The assessment is mainly based on the substantial decision making process in existence for the entities

Acquisition of PF Olsen Group Limited Holdings

On 10 June 2022, Quayside Holdings Limited acquired 44.43% of PF Olsen Group Holdings Limited (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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Associates				
Balance at 1 July	8	41,973	7	19,383
Share of net profit after tax	(4)	(862)	1	5,072
Share of revaluation reserve	-	(534)	-	-
Share of total comprehensive income	(4)	(1,396)	1	5,072
New investment during the year	-	1,143	-	27,667
Impairment of investment	-	(1,808)	-	(599)
Distributions received	-	(1,161)	-	(9,551)
Transfers	-	(2,118)	-	-
Balance at 30 June	4	36,633	8	41,973
Joint Ventures				
Balance at 1 July	-	208,625	-	189,126
Share of after net profit after tax	-	14,671	-	12,489
Share of hedging reserve	-	209	-	862
Share of revaluation reserve	-	16,817	-	13,865
Share of total comprehensive income	-	31,697	-	27,216
New investment during the year	-	25,324	-	3,047
Impairment of investment	-	(7,870)	-	-
Disposal	-	-	-	(10,764)
Distributions received	-	(19,645)	-	-
Balance at 30 June	-	238,131	-	208,625
Total equity accounted investees	4	274,764	8	250,598

Quayside Group

The Group has committed uncalled capital in its equity accounted investees of \$2.9m (2022: \$1.8m).

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.

Summarised financial information of immaterial equity accounted investees - Associates

	Council	QHL - Individually	QHL - PF Olsen	Group	Council	QHL - Individually	QHL - PF Olsen	Group
		Immaterial	Group Holdings			Immaterial	Group Holdings	
	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	446	1,756	1,295	3,497	371	5,351	20,647	26,369
Total current assets	2,681	2,926	61,515	67,122	1,172	6,811	85,817	93,800
Total non current assets	24	53,325	31,090	84,439	32	50,118	30,337	80,487
Total assets	2,704	56,251	92,605	151,560	1,205	56,929	116,154	174,288
Current financial liabilities excluding trade and other payables and provisions	459	964	-	1,423	859	3,443	83,457	87,759
Total current liabilities	2,676	2,181	58,292	63,149	1,153	4,640	86,405	92,198
Non current financial liabilities excluding trade and other payables and provisions	-	6,960	10,634	17,593	-	8,636	1,560	10,196
Total non current liabilities	-	6,960	11,237	18,197	-	8,636	1,560	10,196
Total liabilities	2,676	9,141	69,529	81,346	1,153	13,276	87,965	102,394
Total net assets	29	47,110	23,076	70,215	52	43,653	32,622	71,894
Adjustment to net assets	-	-	1,263	1,263	-	-	-	-
Group's share of net assets	5	9,692	11,394	21,091	8	11,359	14,494	23,891
Goodwill acquired on acquisition of equity accounted investees	-	6,962	8,506	16,068	-	7,424	10,476	17,900
Carrying amount of equity accounted investees	5	16,129	20,500	36,634	8	18,965	23,000	41,973
Revenues	1,927	1,017	110,791	113,735	1,998	34,794	16,227	53,019
Depreciation and amortisation	(8)	9	3,142	3,134	7	(28)	1,100	1,079
Interest expense	-	86	419	505	-	24	-	24
Other expenses	(1,943)	-	-	-	(1,978)	-	-	-
Net profit before tax	(24)	470	214	660	12	24,861	1,830	26,703
Tax expense	-	-	(37)	(37)	6	19	(543)	(518)
Net profit/(loss) after tax	(24)	470	177	623	6	24,879	1,287	26,172
Other comprehensive income	-	-	1,202	1,202	-	-	-	-
Total comprehensive income	(24)	470	498	944	6	24,879	1,287	26,172
Group's share of net profit after tax	(4)	(988)	130	(862)	1	5,072	10	5,082
Group's share of total comprehensive income	(4)	(988)	(405)	(1,397)	1	5,072	10	5,082
Group's share of dividends/distributions	-	691	469	1,160	-	9,551	-	9,551

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

** Inclusive of PF Olsen Abzeco consolidation adjustment

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

2023	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	523	19,958	509	3,085	24,075
Total current assets	4,989	46,762	3,693	8,381	63,825
Total non current assets	231,417	66,275	176,896	100,104	574,692
Total assets	236,406	113,037	180,562	109,357	639,362
Current financial liabilities excluding trade and other payables and provisions	-	(8,936)	-	(2,888)	(11,851)
Total current liabilities	(3,998)	(30,185)	(4,369)	(4,296)	(42,848)
Non current financial liabilities excluding trade and other payables and provisions	(48,519)	(44,384)	(49,101)	(11,007)	(153,091)
Total non current liabilities	(48,519)	(44,384)	(49,101)	(11,007)	(153,137)
Total liabilities	(52,517)	(74,569)	(53,470)	(15,349)	(195,985)
Total net assets	183,889	38,468	127,092	94,008	443,377
Group's share of net assets	91,945	19,234	63,546	48,819	223,543
Goodwill acquired on acquisition of equity accounted investees	-	14,557	-	28	14,585
Carrying amount of equity accounted investees	91,946	33,791	63,546	48,847	238,130
Revenues	40,576	272,100	28,399	5,133	346,208
Depreciation and amortisation	(5,504)	(14,003)	(3,386)	(545)	(23,438)
Interest expense	(2,647)	(2,256)	(2,429)	(290)	(7,622)
Net profit before tax	19,051	14,950	5,766	(3,182)	36,585
Tax expense	(4,859)	-	(1,968)	(141)	(6,968)
Net profit after tax	14,192	14,950	3,798	(3,345)	29,595
Other comprehensive income	6,322	-	27,730	-	34,252
Total comprehensive income	20,514	14,950	31,528	(3,345)	63,647
Group's share of net profit after tax	7,096	7,475	1,899	(1,784)	14,686
Group's share of total comprehensive income	10,257	7,475	15,764	(1,784)	31,712
Group's share of dividends/distributions	8,420	10,000	1,100	125	19,645

2022	Northport Limited NZ \$000	Coda Group Limited Partnership NZ \$000	Prime Port Timaru NZ \$000	Other equity accounted investees NZ \$000	Total NZ \$000
Cash and cash equivalents	299	9,842	1,671	2,891	14,703
Total current assets	5,834	38,021	5,214	8,068	57,137
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	180,316	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 acquisition 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 2023 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 2023 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.

The investment in PF Olsen Holdings Limited was tested for impairment by Quayside Management, at 30 June 2023, based upon the higher of fair value and value-in-use.

Fair value represents an amount obtainable in an arm’s length transaction, less cost of disposal. Fair value has been calculated by multiplying and EBITDA multiple of 5.53 with a maintainable EBITDA of \$8.6m. The multiple has been determined based the multiple used when PF Olsen was purchased in June 2022. This uses market data and is substantially unchanged and normalized EBITDA has been determined using historical performance of PF Olsen Holdings Limited.

Value-in-use is determined by discounting five-year future cash flow of distributions received. Quayside Holdings Limited has no reason to believe that an asset’s value in use materially exceeds its fair value less costs of disposal therefore the fair value less costs of disposal has been used as its recoverable amount.

As a result of the impairment testing performed, Quayside Holdings Limited has impaired its investment in PF Olsen Holdings Limited partnership by \$1.8m.

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.

It has been determined that the Quayside subsidiary 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 2023, based upon the higher of fair value and value-in-use.

Fair value represents an amount obtainable in an arm’s length transaction, less cost of disposal. Fair value has been calculated by multiplying an EV / EBITDA multiple of 6.65 with a maintainable EBITDA of \$6.9m. The multiple has been determined based on listed and transaction multiples of comparable entities and maintainable EBITDA has been determined using management forecasts.

Value-in-use is determined by discounting five-year future cash flows and is based upon the following key assumptions:

- Cash flow projections for the years 2024 to 2026 were projected using management forecasts.
- An annual growth rate of 5% for 2027 and 2028.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- An after-tax discount rate of 9.72% was applied in determined the recoverable amount of the investment.

As a result of the impairment testing performed, the Port of Tauranga Group has impaired its investment in Coda Group Limited partnership by \$7.8m

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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Current				
Trade payables	4,360	9,626	5,312	15,886
Accrued expenses	12,822	47,259	7,021	37,315
Payables to equity accounted investees and related parties	-	213	-	-
Income in advance	1,145	4,096	1,195	4,478
Total trade and other payables	18,327	61,193	13,528	57,679
Non current				
Trade payables	6,774	6,774	6,569	6,569
Total trade and other payables	25,101	67,967	20,097	64,248

The classification of QHL Group prior year comparatives between payables and accruals have been revised to better reflect how these items are classified in the current year.

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	Council
	2022/23	2021/22
	\$000	\$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	18,327	13,528
Total current payables	18,327	13,528
Total non-current payables comprise:		
Payables and deferred revenue under exchange transactions - this includes trade payables, income in advance and accruals	6,774	6,569
Total non-current payables	6,774	6,569

24 Deferred taxation

Council	Assets		Liabilities		Net	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000
Deferred tax (asset)/liability						
Tax Losses	(459)	-	-	-	-	-
Total	(459)	-	-	-	-	-

Group	Assets		Liabilities		Net	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000
Deferred tax (asset)/liability						
Tax Losses	(1,566)	(1,219)	-	-	(1,566)	(1,219)
Biological assets	-	-	-	-	-	-
Property, plant and equipment	-	-	115,392	116,273	115,351	116,273
Investment property	(40)	-	6,360	6,913	6,360	6,913
Intangible assets	-	-	1,477	2,053	1,477	2,053
Finance lease receivables	-	-	-	-	-	-
Derivatives	-	-	4,294	3,420	4,294	3,420
Provisions and accruals	-	(3,037)	81	-	(2,672)	(3,037)
Equity accounted investees	(2,753)	(788)	-	-	(834)	(788)
Leases	(834)	(58)	(1)	-	(1)	(58)
Others	-	-	-	79	-	51
Contingent consideration	(151)	(265)	-	-	(151)	(265)
Total	(5,344)	(5,366)	127,603	128,738	122,258	123,344

Council	Recognised in the Income Statement		Recognised in Comprehensive income	
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Tax losses	(459)	-	-	-
Total	(459)	-	-	-

Group	Recognised in the Income Statement		Recognised in Comprehensive income	
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Tax losses	(939)	-	-	-
Property, plant and equipment	(770)	(320)	(90)	24,539
Biological assets	-	-	-	-
Investment property	(502)	6,068	-	-
Intangible assets	(353)	(237)	(222)	(433)
Finance lease receivables	35	(44)	-	-
Derivatives	-	-	874	7,602
Provisions and accruals	343	431	-	-
Equity accounted investees	(46)	(150)	-	-
Contingent consideration	114	83	-	-
Total	(2,118)	5,832	562	31,708

Unrecognised tax losses or temporary differences

There are no material unrecognised temporary differences in the Group.

Council has not recognised a deferred tax asset in relation to tax losses of nil (2022: \$1.9m).

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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Current				
Accrued Pay				
Opening balance	1,539	1,539	1,767	1,767
Additional provisions	1,163	1,163	1,539	1,539
Used during year	(1,539)	(1,539)	(1,767)	(1,767)
Closing balance	1,163	1,163	1,539	1,539
Annual Leave				
Opening balance	3,493	3,493	3,234	3,234
Additional provisions	3,661	3,661	3,493	3,493
Used during year	(3,493)	(3,493)	(3,234)	(3,234)
Closing balance	3,661	3,661	3,493	3,493
Sick leave				
Opening balance	79	79	68	68
Additional provisions	99	99	79	79
Used during year	(79)	(79)	(68)	(68)
Closing balance	99	99	79	79
Long service leave				
Opening balance	214	355	177	356
Additional provisions	239	333	129	129
Used during year	(214)	(353)	(92)	(130)
Closing balance	238	334	214	355
Employee benefits - profit sharing and bonuses				
Opening balance	-	3,209	-	3,210
Additional provisions	-	4,002	-	3,426
Used during year	-	(2,936)	-	(3,427)
Closing balance	-	4,275	-	3,209
Total Current	5,161	9,533	5,325	8,676

	Council 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Non current				
Long service leave				
Opening balance	1,293	2,641	1,206	3,133
Charged/credited to the income statement				
- Additional provisions	1,449	1,602	1,293	1,105
- Unused amounts reversed	(1,293)	(1,413)	(1,206)	(1,501)
Used during year		-		(96)
Closing balance	1,449	2,830	1,293	2,641
Employee benefits - profit sharing and bonuses				
Opening balance	-	279	-	317
Utilised during the period	-	(136)	-	(38)
Closing balance	-	143	-	279
Total non current	1,449	2,973	1,293	2,920
Total employee benefit liabilities	6,610	12,506	6,618	11,596

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 37.

	Council	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Current				
Borrowings from LGFA NZ Limited	126,500	126,500	70,400	70,400
Westpac borrowings	-	21,875	-	-
Commercial papers	-	160,000	-	-
Standby revolving cash advance facility	-	-	-	125,000
	126,500	308,375	70,400	195,400
Non current				
Borrowings from LGFA NZ Limited	90,207	90,207	122,130	122,130
Westpac borrowings	-	-	-	17,425
Fixed Rate Bond	-	190,775	-	192,472
Standby revolving cash advance facility	-	100,000	-	125,000
Perpetual Preference Share Quayside Holdings Limited	-	194,885	-	194,885
	90,207	575,867	122,130	651,912
Total borrowings	216,707	884,242	192,530	847,312

Term and debt repayment schedule

Council	2023	Maturity	Coupon	Committed	Undrawn	Fairvalue	Carrying
				Facilities	Facilities	Adjustment	Value
				NZ\$000	NZ\$000	NZ\$000	NZ\$000
Non current							
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	2027	4.93%		3,077	-	-	3,077
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				90,207	-	-	90,207
Current							
LGFA NZ Ltd Borrowing	2023	5.42%		3,000	-	-	3,000
LGFA NZ Ltd Borrowing	2023	5.63%		25,000	-	-	25,000
LGFA NZ Ltd Borrowing	2024	1.87%		10,000	-	-	10,000
LGFA NZ Ltd Borrowing	2024	3.80%		25,000	-	-	25,000
LGFA NZ Ltd Borrowing	2024	5.67%		25,000	-	-	25,000
LGFA NZ Ltd Borrowing	2024	5.90%		3,500	-	-	3,500
LGFA NZ Ltd Borrowing	2024	Floating		35,000	-	-	35,000
Total current				126,500	-	-	126,500
Total				216,707	-	-	216,707

Subsidiary			Committed Undrawn		Fairvalue	Carrying
	Maturity	Coupon	Facilities	Facilities	Adjustment	Value
2023			NZ\$000	NZ\$000	NZ\$000	NZ\$000
Non current						
Fixed rate bond	2028	3.55%	100,000	-	(9,225)	90,775
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	100,000	-	-
Standby revolving cash advance facility	2024	Floating	100,000	-	-	100,000
Bay of Plenty Regional Council	2024	Floating	50,000	400	-	49,600
Bay of Plenty Regional Council	2033	Floating	100,000	85,498	-	14,502
Total non current			680,000	315,898	(9,225)	354,877
Current						
Multi option facility	2023	Floating	5,000	5,000	-	-
Standing revolving cash advance facility	2023	Floating	50,000	50,000	-	-
	<3					
Commercial papers	months	Floating	-	-	-	160,000
Westpac borrowings	2023	Floating	75,000	53,125	-	21,875
Total current			130,000	108,125	-	181,875
Total			810,000	424,023	(9,225)	536,752

Council			Committed Undrawn		Fairvalue	Carrying
	Maturity	Coupon	Facilities	Facilities	Adjustment	Value
2022			NZ\$000	NZ\$000	NZ\$000	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			Committed Undrawn		Fairvalue	Carrying
	Maturity	Coupon	Facilities	Facilities	Adjustment	Value
2022			NZ\$000	NZ\$000	NZ\$000	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 facility	2021	Floating	5,000	5,000	-	-
	<3					
Commercial papers	months	Floating	-	-	-	125,000
Total current			5,000	5,000	-	125,000
Total			810,000	412,973	(7,528)	514,499

LGFA NZ Borrowings

Council has a number of financing arrangements with the LGFA, totalling \$216.7m (2022: \$192.5m). The facilities all provide borrowing for a specific purpose, including capital expenditure, and \$64.1m 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 \$50m financing arrangement with Quayside Holdings Limited. This facility expires on 1 July 2024.

In December 2021, Council entered into a \$100m facility arrangement with Quayside Holdings Limited. This facility expires on 30 June 2033.

Council's debt to revenue ratio at year end was 6%, this is within the limit of 295%.

Westpac Banking Corporation

Quayside Holdings Limited has a \$75.0m (2022: \$75.0m) 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 expiring on 30 November 2023 hence for the year ended 30 June 2023 has been classified as current.

Quayside is in negotiations with Westpac and is comfortable with the ability to extend the maturity of the facility for at least another year to November 2024.

Fixed rate bonds

The Port of Tauranga has issued two \$100m 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 2023 the Port of Tauranga Group had \$160m of commercial paper debt that is classified within current liabilities (2022: \$125m). 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 \$380m 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 (2022: \$380m). 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 \$5m multi option facility with Bank of New Zealand Limited, used for short term working capital requirements (2022: \$5m).

Security

Bank facilities and fixed rate bonds are secured by way of a security interest over certain floating plant assets (\$14.6m, 2022: \$15.3m), mortgages over the land and building assets (\$1,629.359m 2022: \$1,610.341m), and by a general security agreement over the assets of the Port of Tauranga (\$2,671.831m, 2022: \$2,600.187m).

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 4.38% at 30 June 2023 (2022: 2.92%) 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 2022/23	Group 2022/23	Council 2021/22	Group 2021/22
	\$000	\$000	\$000	\$000
Retained Earnings				
Balance at 1 July	206,227	497,914	216,925	475,824
Profit Share	(4,352)	23,932	(9,994)	25,740
Dividends/Distributions paid	-	(5,047)	-	(3,542)
Shares issued upon vesting of management LTI plan	-	153	-	126
Non controlling interest adjustments	-	-	-	(13)
Retained earnings adjustment	-	-	-	506
Increase/(decrease) in share capital	-	(39)	-	(20)
Adjustment for vesting of equity settled share based payment	-	(3,499)	-	-
<i>Transfers from:</i>				
Asset replacement reserve	17,000	17,000	-	-
Infrastructure fund reserve	-	-	-	-
Regional project fund	31,742	31,742	12,663	12,663
Equalisation fund reserve	32,139	32,139	25,251	25,251
Current account reserve	11,398	11,398	7,492	7,492
Rotorua Lakes restoration reserve	2,556	2,556	2,459	2,459
Kaituna river authority	2	2	-	-
<i>Transfers to:</i>				
Restricted reserve - disaster	(1,067)	(1,067)	(1,018)	(1,018)
Asset replacement reserve	5,090	5,090	(7,911)	(7,911)
Regional project fund	(5,123)	(5,123)	(6,317)	(6,317)
Toi Moana Reserve	(25,000)	(25,000)	-	-
Environmental enhancement fund	147	147	(147)	(147)
Equalisation fund reserve	(32,010)	(32,010)	(24,572)	(24,572)
Current account reserve	(11,369)	(11,369)	(8,553)	(8,553)
Rotorua Lakes restoration reserve	(1,759)	(1,759)	(48)	(48)
Kaituna river authority	-	-	(5)	(5)
Kaituna NZTA Reserve	(65)	(65)	-	-
Kaituna River Remediation	(52)	(52)	-	-
	225,506	537,043	206,227	497,914

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 0.000004 cents).

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 2023, the amount uncalled is \$81.8m (2022: \$81.8m). 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 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Asset revaluation reserve				
Opening balance	223,829	1,265,422	214,276	908,586
Revaluation - land and buildings	(1,259)	(1,259)	-	-
Revaluation - Maritime and Lakes	(232)	(232)	-	-
Revaluation - infrastructure assets	16,254	16,254	9,553	9,553
Revaluation - Port assets	-	12,899	-	342,703
Net change in share of equity accounted revaluation reserve	-	8,907	-	7,601
Bearer plant revaluation	-	(232)	-	(4,136)
Kiwifruit licence revaluation	-	(571)	-	1,115
Closing balance	238,590	1,301,187	223,829	1,265,422
Financial assets reserve				
Opening balance	6,072	6,072	5,256	5,256
Fair value gains	102	102	816	816
Closing balance	6,174	6,174	6,072	6,072
Hedging cash flow reserve				
Opening balance	-	5,024	-	(6,165)
Net effective portion of changes in fair value of cashflow hedges, net of tax	-	1,254	-	8,314
Net change in fair value of cashflow hedges transferred to profit or loss, net of tax	-	(24)	-	2,402
Net change in share of Equity Accounted	-	-	-	-
Investees' cash flow hedge reserves	-	114	-	473
Closing balance	-	6,368	-	5,024
Total asset revaluation reserves	244,764	1,313,729	229,901	1,276,518

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Asset replacement reserve				
Opening balance	29,774	29,774	21,864	21,864
<i>Transfers from:</i>				
Retained Earnings	-	-	7,911	7,911
<i>Transfers to:</i>				
Retained Earnings	(5,090)	(5,090)	-	-
Toi Moana Trust reserve	(7,000)	(7,000)	-	-
Loan repayments to LGFA	(10,000)	(10,000)	-	-
Closing balance	7,684	7,684	29,774	29,774
Total asset replacement reserves	7,684	7,684	29,774	29,774
Equalisation reserve				
Opening balance	683	683	(896)	(896)
<i>Transfers from:</i>				
Retained earnings	32,010	32,010	24,572	24,572
Regional Fund	-	-	2,257	2,257
<i>Transfers to:</i>				
Retained earnings	(32,139)	(32,139)	(25,251)	(25,251)
Closing balance	554	554	683	683
Regional fund reserve				
Opening balance	27,741	27,741	36,344	36,344
<i>Transfer from:</i>				
Retained earnings	5,123	5,123	6,317	6,317
<i>Transfer to:</i>				
Retained earnings	(31,742)	(31,742)	(12,663)	(12,663)
Equalisation	-	-	(2,257)	(2,257)
Closing balance	1,122	1,122	27,741	27,741
Toi Moana reserve				
Opening balance	45,000	45,000	45,000	45,000
<i>Transfer from:</i>				
Regional Fund	18,000	18,000	-	-
Asset Replacement reserve	7,000	7,000	-	-
<i>Transfer to:</i>				
Retained earnings	-	-	-	-
Closing balance	70,000	70,000	45,000	45,000
Total general reserves	71,675	71,675	73,424	73,424

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Rates current accounts - restated (reclassifying Tarawera restoration reserve)				
Opening balance	6,565	6,565	6,292	6,292
<i>Transfer from:</i>				
Retained earnings	11,369	11,369	7,765	7,765
<i>Transfer to:</i>				
Retained earnings	(11,338)	(11,338)	(7,492)	(7,492)
Restricted reserves	(59)	(59)	-	-
Closing balance	6,536	6,536	6,565	6,565
Total targeted rates reserves	6,536	6,536	6,565	6,565
Environmental enhancement fund				
Opening balance	406	406	260	260
<i>Transfers from:</i>				
Retained Earnings	(147)	(147)	147	147
<i>Transfers to:</i>				
Retained Earnings	-	-	(1)	(1)
Closing balance	259	259	406	406
Flood and disaster reserve				
Opening balance	3,617	3,617	2,599	2,599
<i>Transfers from:</i>				
Retained earnings	1,067	1,067	1,018	1,018
<i>Transfers to:</i>				
Retained earnings	-	-	-	-
Closing balance	4,684	4,684	3,617	3,617
Rotorua Lakes restoration reserve				
Opening balance	638	638	3,049	3,049
<i>Transfer from:</i>				
Retained earnings	1,759	1,759	48	48
Current account reserve				
<i>Transfer to:</i>				
Retained earnings	(2,556)	(2,556)	(2,459)	(2,459)
Closing balance	(160)	(160)	638	638

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Kaituna NZTA reserve				
Opening balance	604	604	604	604
<i>Transfer from:</i>				
Retained earnings	29	29	-	-
Current account reserve	36	36		
<i>Transfer to:</i>				
Retained earnings	-	-	-	-
Closing balance	669	669	604	604
CDEM Group reserve				
Opening balance	888	888	888	888
<i>Transfers from:</i>				
Retained earnings	-	-	-	-
<i>Transfers to:</i>				
Retained earnings	-	-	-	-
Closing balance	888	888	888	888
Kaituna River Authority reserve				
Opening balance	195	195	190	190
<i>Transfers from:</i>				
Retained earnings	-	-	5	5
<i>Transfers to:</i>				
Retained earnings	(2)	(2)	-	-
Environmental enhancement fund	-	-	-	-
Closing balance	192	192	195	195
Kaituna River remediation reserve				
Opening balance	491	491	491	491
<i>Transfers from:</i>				
Retained earnings	23	23	-	-
Current accounts	29	29	-	-
<i>Transfers to:</i>				
Retained earnings	-	-	-	-
Environmental enhancement fund	-	-	-	-
Closing balance	543	543	491	491

	Council 2022/23 \$000	Group 2022/23 \$000	Council 2021/22 \$000	Group 2021/22 \$000
Tarawera restoration reserve (reclassified from rates current accounts)				
Opening balance	788	788	-	-
<i>Transfers from:</i>				
Retained earnings	-	-	788	788
<i>Transfers to:</i>				
Retained earnings	-	-	-	-
Closing balance	788	788	788	788
Total restricted reserves	7,863	7,863	7,627	7,628
Total reserves	338,524	1,407,488	347,291	1,393,909

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.

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.

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 cash flow 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.

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.

Equalisation reserve

This reserve is used to record surpluses from all general funded activities.

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.

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 reserve

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.

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.

Kaituna NZTA reserve

This reserve holds funds for restoration of any impacts on the Kaituna River from the establishment of roading.

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.

Kaituna River remediation reserve

This reserve holds funds for restoration of any impacts on the Kaituna River from the Kaituna River re-diversion.

Tarawera restoration reserve

This reserve holds funds for use by the Tarawera Restoration Strategy Group to support, co-ordinate, and promote the integrated restoration of the mauri of the catchment.

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 \$1.2m (2022: \$1.5m) 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 2023 the balance of the equity settled share-based payment reserve was \$5.1m (2022: \$3.7m). 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 statement of comprehensive revenue and expense. 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 (2022: nil).

Non controlling interest

Non controlling interest of 45.86% (2022: 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 depend 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 \$0.2m (2022: \$0.6m) 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 2022	Granted During the Year	Vested During the Year	Forfeited During the Year	Balance at 30 June 2023
1 July 2019	30 June 2022	EPS	90,058	-	(36,624)	(53,434)	-
1 July 2019	30 June 2022	TSR	75,050	-	(42,160)	(32,890)	-
1 July 2020	30 June 2023	EPS	88,409	-	-	-	88,409
1 July 2020	30 June 2023	TSR	73,674	-	-	-	73,674
1 July 2021	30 June 2024	EPS	79,203	-	-	-	79,203
1 July 2021	30 June 2024	TSR	66,003	-	-	-	66,003
1 July 2022	30 June 2025	EPS	-	100,972	-	-	100,972
1 July 2022	30 June 2025	TSR	-	84,143	-	-	84,143
Total LTI Plan			472,397	185,115	(78,784)	(86,324)	492,404

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 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
1 July 2022	30 June 2025	EPS	6.17	4.24	27.20	6.09
1 July 2022	30 June 2025	TSR	6.17	4.24	27.20	2.92

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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Capital commitments contracted for at balance date but not yet provided for	5,312	43,612	2,793	34,993
	5,312	43,612	2,793	34,993

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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Not later than one year	562	562	536	536
Later than one year and not later than five years	1,712	1,712	1,486	1,486
Later than five years	1,467	1,467	1,826	1,826
Total non-cancellable operating leases	3,741	3,741	3,848	3,848

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	Group	Council	Group
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Not later than one year	200	26,992	194	25,992
Later than one year and not later than five years	477	54,090	531	57,897
Later than five years	370	23,452	477	30,084
Total non-cancellable operating leases	1,048	104,535	1,202	113,973

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.

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 1 March 2023.

As at 30 June 2023, the Bay of Plenty Regional Council is one of 30 local authority shareholders and 70 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0m. When aggregated with the uncalled capital of other shareholders, \$20.0m 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 2023, the LGFA had borrowings totalling \$17.7b (2022: \$15.8b).

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

Edgecumbe Flood Litigation

Two civil claims were filed against Bay of Plenty Regional Council during the financial year in relation to the breach of the College Road floodwall on the morning of 6 April 2017 in Edgecumbe. The claims allege that the plaintiffs suffered loss through Regional Council's actions. The causes of action include negligence, nuisance, Rylands v Fletcher (a subset of nuisance), and breach of the Soil Conservation and River Control Act 1941. The plaintiffs in both proceedings have applied to bring a representative action against Bay of Plenty Regional Council. The amount of damages sought is yet to be quantified in full. External counsel have been appointed and are assisting Bay of Plenty Regional Council to defend these claims.

Te Puke Train Derailment

A claim was lodged during the financial year against Bay of Plenty Regional Council in relation to the train that derailed in Te Puke 20 January 2023. The claim alleges that Bay of Plenty Regional Council failed to maintain its drainage infrastructure and keep it clear of blockages, which is alleged to have contributed to property damage. The alleged losses have not been fully quantified but are in the vicinity of \$975,000. It is alleged that KiwiRail and BOPRC are jointly liable for these losses. External counsel have been appointed and are assisting Bay of Plenty Regional Council to respond to this claim.

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:

	2022/23	2021/22
Transactions with Related Parties	\$000	\$000
Bay of Plenty Regional Council		
Interest paid by Quayside Holdings Limited	-	963
Interest payable by Quayside Holdings Limited	2,158	45
Dividends paid by Quayside Holdings Limited	42,500	40,000
Loan payable by Quayside Holdings Limited	64,101	54,602
Toi Moana Trust		
Fund management fee payable to Quayside Holdings Limited	230	53
Trustee fees paid to Quayside Securities Limited	61	61
Distributions paid to Bay of Plenty Regional Council	3,500	4,500
Units issued to Bay of Plenty Regional Council	25,000	-
Transactions with Equity Accounted Investees - Quayside Group		
Services provided by Quayside Holdings Limited	157	50
Loans advanced by Quayside Holdings Limited	5,061	-
Loan receivable by Quayside Holdings Limited	7,687	2,226
Interest charged by Quayside Holdings Limited	412	-
Interest receivable by Quayside Holdings Limited	7	46
Capital contributions by Quayside Properties Limited	359	-
Distributions received by Quayside Properties Limited	125	-
Loan payable to Quayside Properties Limited	-	303
Interest charged by Quayside Properties Limited	-	32
Interest payable to Quayside Properties Limited	-	32

	2022/23	2021/22
Transactions with Related Parties	\$000	\$000
Transactions with Equity Accounted Investees - Port of Tauranga Group		
Services provided to Port of Tauranga Limited	774	521
Services provided by Port of Tauranga Limited	5,184	4,071
Accounts receivable by Port of Tauranga Limited	160	165
Accounts payable by Port of Tauranga Limited	51	49
Advances by Port of Tauranga Limited	1,400	1,400
Services provided to Quality Marshalling (Mount Maunganui) Limited	2	1
Services provided by Quality Marshalling (Mount Maunganui) Limited	319	703
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	27	21
Services provided to Timaru Container Terminal Limited	3,046	3,050
Services provided by Timaru Container Terminal Limited	156	337
Accounts receivable by Timaru Container Terminal Limited	-	140
Accounts payable by Timaru Container Terminal Limited	202	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 \$42.5m (2022: \$40m).

The dividends are fully imputed. Dividends paid by the Port of Tauranga Limited to non-controlling interests were \$46.8m (2022: \$43.7m).

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 2023, where the rate for the following three-year period was set at 6.46%. The next dividend reset date will be 13 March 2026.

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 and 2023 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 \$3.5m (2022: \$4.5m)

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.

Transactions between Bay of Plenty Regional Council and BOPLASS and Regional Software Holdings Limited have occurred within a normal supplier and client relationship and on terms and conditions no more or less favourable than those that it is reasonable to expect that Council would have otherwise adopted in dealing with the party at arm's length in the same circumstances. Services invoiced by BOPLASS consist of the delivery of support services, and Regional Software Holdings Limited consist of member contributions in line with shareholder agreements.

BOPLASS Limited

BOPLASS Limited was incorporated on 14 January 2008, and has share capital of 31 shares at 30 June 2023. 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%).

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 2023. 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. Fiona McTavish was also appointed as Director of Regional Software Holdings Limited (RSHL) effective on 23 February 2023. 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 Group		Council Group	
	2022/23	2022/23	2021/22	2021/22
	\$000	\$000	\$000	\$000
Salaries and other short-term employee benefits	1,953	6,887	1,611	6,814
Post employment benefits	56	83	45	162
Councillor remuneration	999	-	1,011	-
Directors fees	-	1,283	-	1,264
	3,008	8,253	2,667	8,237

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 2022/23	Council 2021/22
Councillors - Full time equivalent members*	14	14
Leadership Team - Full time equivalent**	7	7

*Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors

**2022 full time equivalent updated to correct reflect seven

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 \$430,137 (2022: \$402,872).

Remuneration of Councillors

	2022/23 \$	2021/22 \$
D Leeder	154,119	146,560
J Nees	76,404	80,004
P Thompson	67,709	70,000
L Thurston	67,709	70,000
N Bruning	16,564	61,525
S Crosby	65,427	61,525
A Von Dadelszen	67,709	70,000
D Love	18,846	70,000
K Winters	67,709	70,000
B Clark	16,564	61,525
M McDonald	67,709	70,000
T Iti	60,342	61,525
S Rose	16,564	61,525
T White	60,342	61,525
R Scott	43,777	-
K MacMillan	43,777	-
M Campbell	43,777	-
K Shirley	43,777	-
	998,827	1,015,714

Remuneration of Directors

	QHL 2022/23 \$	Port 2022/23 \$	Total 2022/23 \$	QHL 2021/22 \$	Port 2021/22 \$	Total 2021/22 \$
R Macleod	116,000	104,000	220,000	106,000	101,000	207,000
D A Pilkington	-	15,000	15,000	-	183,000	183,000
K R Ellis	-	39,000	39,000	-	115,000	115,000
J C Hoare	-	182,000	182,000	-	116,000	116,000
A R Lawrence	-	111,000	111,000	-	101,000	101,000
D W Leeder	-	100,000	100,000	-	97,000	97,000
A M Andrew	-	117,000	117,000	-	98,000	98,000
T White	59,000	-	59,000	53,000	-	53,000
W Parker	67,000	-	67,000	66,000	-	66,000
B Hewlett	59,000	-	59,000	53,000	-	53,000
S Crosby	59,000	-	59,000	53,000	-	53,000
K Horne	72,000	-	72,000	69,000	-	69,000
D D Bracewell	-	100,000	100,000	-	50,000	50,000
J B Stevens	-	96,000	96,000	-	-	-
	432,000	864,000	1,296,000	400,000	861,000	1,261,000

The Group does not provide any non cash benefits to Directors in addition to their Directors' fees.

Remuneration of Council Employees

	2022/23
< \$60,000	45
\$60,000 - \$79,999	97
\$80,000 - \$99,999	111
\$100,000 - \$119,999	134
\$120,000 - \$139,999	62
\$140,000 - \$159,999	24
\$160,000 - \$179,999	23
* \$180,000 - \$219,999	6
\$220,000 - \$439,999	5
Total Employees	507

* 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.

	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

Total remuneration includes any non-financial benefits provided to employees.

At 30 June 2023, the Council employed 391 full-time employees (2022: 393), with the balance of staff (116) representing 83 full-time equivalent staff (2022: 72). 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 2023, the Council made four (2022: five) severance payments to employees totaling \$67,582 (2022: 154,380).

The value of each of the severance payments was \$30,687, \$15,874, \$15,000 and \$6,021.

35 Segmental reporting

This note is for the subsidiary only.

At 30 June 2023 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 31% and 13% (2022: 29% and 13%) of total revenue.

The segment results for the year ended 30 June are:

	Port \$000	Investing \$000	Total \$000
30 June 2023			
Total segment revenue	420,929	59,372	480,301
Inter-segment revenue	-	(55,266)	(55,266)
Revenue (from external customers)	420,929	4,106	425,035
Other income/gains	-	23,198	23,198
Finance income	1,161	2,030	3,191
Finance costs	(20,522)	(3,606)	(24,128)
Depreciation and amortisation	(40,422)	(893)	(41,315)
Other expenditure/losses	(210,589)	(17,823)	(228,412)
Income tax expense	(42,161)	1,328	(40,833)
Impairment of equity accounted investees	(7,871)	(1,808)	(9,679)
Share of profit of equity accounted investees	16,611	(2,787)	13,824
Net profit after tax	117,136	3,747	120,884
30 June 2022			
Total segment revenue	375,287	56,425	431,712
Inter-segment revenue	-	(51,581)	(51,581)
Revenue (from external customers)	375,287	4,844	380,131
Other income/gains	-	31,416	31,819
Finance income	287	636	923
Finance costs	(16,452)	(1,767)	(18,219)
Depreciation and amortisation	(36,657)	(1,308)	(37,965)
Other expenditure/losses	(183,655)	(18,675)	(202,330)
Income tax expense	(39,079)	(5,973)	(45,052)
Impairment of equity accounted investees	-	(599)	(599)
Share of profit of equity accounted investees	11,586	5,975	17,561
Net profit after tax	111,317	14,548	125,865

The segment assets at 30 June are:

Segment Assets	\$000	\$000	\$000
30 June 2023	2,824,269	502,690	3,326,959
30 June 2022	2,743,526	479,197	3,222,723

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

There have been no events since 30 June 2023 that require disclosure in the Annual Report 2022/23.

Council

Subsidiary

The QHL Group financial statements were approved by the Board of Directors on 14 September 2023.

The Port of Tauranga approved a final dividend of 8.8 cents per share to a total of \$59.9m after reporting date.

On 24 July 2023, Quayside Holdings Limited purchased the residual amount of share from TBP Holdings Limited in Lakes Commercial Developments for a purchase price of \$1.3m. After the purchase, Quayside Holdings Limited holds 100% of Lakes Commercial Developments.

On 5 July 2023 Quayside Holdings entered into a subscription agreement for an investment of \$25m into Tauranga Crossing Limited. On 4 September 2023, Quayside completed the purchase of 22,609 shares in Tauranga Crossing Limited.

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, Quayside Properties Limited, Aqua Curo Limited, Quayside Barnett Place Limited, Quayside The Vault Limited, Quayside Portside Drive Limited, Quayside Mystery Valley Limited, Quayside Tauriko Limited and its equity accounted investees. Quayside Group has investments in equities, shares and other assets. 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% (2022: 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 Council and Group at reporting date:

The carrying amounts of the following instruments are reasonable approximations of their fair value:

- Cash and cash equivalents
- Receivables
- Trade and other payables

Council 2022/23	Fair Value through other Comprehensive Income \$000	Fair Value through Profit & Loss \$000	Other amortised cost \$000	Total carrying amount \$000	Fair value \$000
Financial assets					
Cash and cash equivalents	-	-	20,808	20,808	20,808
Other financial assets	-	-	71,773	71,773	71,773
Trade and other receivables	-	-	18,383	18,383	18,383
Total current financial assets	-	-	110,964	110,964	110,964
Investments in CCO's and other similar entities	8,785	3,465	134,194	146,444	146,444
Trade and other receivables	-	-	385	385	385
Other financial assets	50	-	-	50	50
Total non current financial assets	8,835	3,465	134,579	146,879	146,879
Total financial assets	8,835	3,465	245,543	257,843	257,843
Financial liabilities					
Borrowings	-	-	126,500	126,500	126,500
Trade and other payables	-	-	17,182	17,182	17,182
Derivative instruments	-	-	-	-	-
Total current financial liabilities	-	-	143,682	143,682	143,682
Derivative financial instruments	-	-	-	-	-
Borrowings	-	-	90,207	90,207	90,207
Trade and other payables	-	-	6,774	6,774	6,774
Put option provision	-	2,400	-	2,400	2,400
Total non current financial liabilities	-	2,400	96,981	99,381	99,381
Total financial liabilities	-	2,400	240,663	243,063	243,063

Group 2022/23	Fair Value through other Comprehensive Income \$000	Fair Value through Profit & Loss \$000	Other amortised cost \$000	Total carrying amount \$000	Fair value \$000
Financial assets					
Cash and cash equivalents	-	-	64,686	64,686	64,686
Other financial assets	-	35	138,889	138,924	138,924
Trade and other receivables	-	-	84,960	84,960	84,960
Advances to Equity accounted investees	-	400	-	400	400
Total current financial assets	-	435	288,535	288,970	288,970
Investments in CCO's and other similar entities	8,785	3,465	-	12,250	12,250
Derivative instruments	-	15,514	-	15,514	15,514
Advances to equity accounted investees	-	7,288	-	7,288	7,288
Trade and other receivables	-	-	385	385	385
Other financial assets	50	360,382	67,116	427,548	427,548
Total non current financial assets	8,835	386,649	67,501	462,985	462,985
Total financial assets	8,835	387,084	356,036	751,955	751,955
Financial liabilities					
Borrowings	-	-	308,375	308,375	308,375
Trade and other payables	-	-	31,488	31,488	31,488
Derivative instruments	-	7	-	7	7
Contingent consideration	-	359	-	359	359
Total current financial liabilities	-	366	339,863	340,229	340,229
Derivative financial instruments	-	9,242	-	9,242	9,242
Borrowings	-	-	380,982	380,982	380,982
Trade and other payables	-	-	6,774	6,774	6,774
Contingent consideration	-	30	-	30	30
Put option provision	-	-	-	-	-
Total non current financial liabilities	-	9,272	387,756	397,028	397,028
Total financial liabilities	-	9,638	727,619	737,257	737,257

Council 2021/22	Fair Value through other Comprehensive Income \$000	Fair Value through Profit & Loss \$000	Other amortised cost \$000	Total carrying amount \$000	Fair value \$000
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	-	-	9,199	9,199	9,199
Total current financial assets	-	-	124,927	124,927	124,927
Investments in CCO's and other similar entities	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	223,438	235,675	235,675
Financial liabilities					
Borrowings	-	-	70,400	70,400	70,400
Trade and other payables	-	-	12,333	12,333	12,333
Derivative instruments	-	-	-	-	-
Total current financial liabilities	-	-	82,733	82,733	82,733
Derivative financial instruments	-	-	-	-	-
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

Group 2021/22	Fair Value through other Comprehensive Income \$000	Fair Value through Profit & Loss \$000	Other amortised cost \$000	Total carrying amount \$000	Fair value \$000
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	-	-	68,359	68,359	68,359
Advances to Equity accounted investees	-	2,930	-	2,930	2,930
Total current financial assets	-	3,280	272,908	276,188	276,188
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	316,479	648,827	648,827
Financial liabilities					
Borrowings	-	-	195,400	195,400	195,400
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	-	-	-	-	-
Total non current financial liabilities	-	10,091	463,596	473,687	473,687
Total financial liabilities	-	10,526	684,737	695,263	695,263

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	
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Trade and other receivables - current	18,383	9,199	84,960	68,359
Trade and other receivables - non current	385	722	385	722
Derivative financial instruments	-	-	15,549	12,307
Other financial assets - current	71,773	35,921	139,324	82,050
Other financial assets - non current	64,102	54,602	7,288	2,930
Cash and cash equivalents	20,808	79,807	64,686	125,779
	175,451	180,251	312,192	292,147

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 B 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 \$59k (2022: \$100k) for the Hot Swap Loans and \$270k (2022: \$265k) for Rates Receivable in line with PBE IPSAS 48. 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 63.6% of total Group revenue (2022: 59.9%). 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 inflow/outflows disclosed in the below tables represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The following table sets out the contractual cash outflows for all financial liabilities (including estimated interest payments) and derivatives:

Group 2022/23	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than five years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Non derivative financial liabilities							
Borrowings	884,242	792,713	339,909	126,729	20,592	176,577	128,906
Contingent consideration	389	579	-	579	-	-	-
Trade and other payables	38,262	38,262	31,488	-	-	-	6,774
Total	922,893	831,554	371,397	127,308	20,592	176,577	135,680
Derivatives							
Interest rate derivatives							
- Cashflow hedges outflow	-	179	-	-	-	168	11
- Cashflow hedges inflow	(15,373)	(18,394)	(2,511)	(2,653)	(3,974)	(7,486)	(1,770)
- Fair value hedges - outflow	9,118	10,678	1,619	1,554	2,527	4,260	718
Foreign exchange derivatives							
- Cash flow hedges outflow	-	20,246	11,225	(5,492)	(3,529)	-	-
- Cash flow hedges inflow	(45)	(20,294)	(11,229)	5,518	3,547	-	-
Total derivatives	(6,300)	(7,585)	(896)	(1,073)	(1,429)	(3,058)	(1,041)
Total	916,593	823,969	370,501	126,235	19,163	173,519	134,617
Council 2022/23							
	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than five years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Non derivative financial liabilities							
Borrowings	216,707	216,707	28,000	98,500	15,000	48,077	27,130
Trade and other payables	23,946	23,946	17,172	-	-	-	6,774
Total	240,653	240,653	45,172	98,500	15,000	48,077	33,904

Group 2021/22	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than five years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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	25,688	-	-	-	6,569
Total	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	877,788	780,286	317,858	74,172	88,954	156,368	142,943

Council 2021/22	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than five years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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

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's policy is to keep its exposure to borrowings at fixed rates of interest between parameters as set out in its treasury policy.

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.

For nominal value of interest rate derivatives and foreign exchange derivatives along with the respective average interest rate please refer to the Profile Timing section.

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	Council	Group	Group
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Fixed rate instruments				
Term Deposits	71,773	35,921	71,773	35,921
Fixed Rate Bond	-	-	(190,775)	(192,472)
Total	71,773	35,921	(119,002)	(156,551)
Variable rate instruments				
Commercial papers	-	-	(160,000)	(125,000)
Standby revolving cash advance facility	-	-	(100,000)	(125,000)
Interest rate derivatives*	-	-	6,255	4,487
Westpac borrowings	-	-	(21,875)	(17,425)
Cash balances	20,808	79,807	64,686	125,778
Total	20,808	79,807	(210,934)	(137,160)

**Only interest rate derivative liabilities were included in this table in the prior year financial statements. In the current year the interest rate derivatives line includes the net total of assets and liabilities to better show the overall interest rate profile of these instruments. We have restated the comparative on the same basis as the current year.*

Sensitivity Analysis

Interest rate movements have been applied to the Group's variable rate debt to demonstrate the sensitivity to interest rate risk.

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.

The effect on equity is the movement in the valuation of derivatives that are designated as cash flow hedges due to an increase or decrease in interest rates. All derivatives that are effective as at 30 June 2023 are assumed to remain effective until maturity. Therefore, any movements in these derivative valuations are taken to the cash flow hedge reserve within equity and they will reverse entirely by maturity date.

Group	Profit or Loss		Cash Flow Hedge Reserve	
	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase
	\$000	\$000	\$000	\$000
Variable rate instruments	(2,603)	2,622	-	-
Interest rate derivatives - paying fixed	1,404	(1,352)	5,143	(5,418)
Interest rate derivatives - paying floating	(722)	722	-	-
30 June 2023	(1,921)	1,992	5,143	(5,418)
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)

(ii) Foreign exchange 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 and cash balances at balance date:

	Group		Council	
	2022/23	2021/22	2022/23	2021/22
	\$000	\$000	\$000	\$000
Cash - AUD	7,817	4,098	-	-
Cash - USD, EUR, GBP, CAD	7,703	6,684	-	-
Equities - AUD	33,476	34,336	-	-
Equities - USD, EUR, GBP, CAD, SGD	63,135	64,403	-	-
	112,131	109,521	-	-

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.

Subsidiary	Profit or loss	
	10% increase	10% decrease
	\$000	\$000
Cash - AUD	782	(782)
Cash - USD, EUR, GBP	770	(770)
Equities - AUD	3,348	(3,348)
Equities - USD, EUR, GBP, CAD, SGD	6,314	(6,314)
30 June 2023	11,213	(11,213)
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)

Port of Tauranga

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable foreign currency expenditures. The risk is hedged with the objective of minimising the volatility of the NZD cost of highly probable forecast property, plant and equipment purchases.

The Port of Tauranga Group's policy is to hedge between 0% and 50% of foreign exchange exposures for property, plant and equipment purchases following approval from the Board for the capital expenditure, and a minimum of 75% hedging is required at the time a supply contract is signed. The above limits apply to foreign currency imports of capital items exceeding NZD500,000.

At reporting date, the Port of Tauranga Group's exposure to foreign exchange risk, expressed in NZD, was as follows:

Port of Tauranga Group - Foreign exchange risk	2023		2022	
	USD	EUR	USD	AUD
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Foreign currency forwards				
Buy foreign currency (cash flow hedges)	2,285	17,961	1,947	1,694

As shown in the table above, the Port of Tauranga Group is primarily exposed to changes in US/NZ, EUR/NZ and AU/NZ exchange rates. The impact on equity arises from foreign forward exchange contracts designated as cash flow hedges.

If, at reporting date, foreign exchange rates had been 5% higher/lower, with all other variables held constant, the result would increase/(decrease) the hedging reserve by the amounts shown below. Based on historical movements, a 5% increase or decrease in the NZD exchange rate is considered to be a reasonable estimate.

The analysis was performed on the same basis for 2022.

	Cash Flow Hedge Reserve	
	2023	2022
	NZ\$000	NZ\$000
EUR/NZ exchange rate – increase 5% (2022: 5%)	(596)	-
EUR/NZ exchange rate – decrease 5% (2022: 5%)	659	-
US/NZ exchange rate – increase 5% (2022: 5%)	(78)	(107)
US/NZ exchange rate – decrease 5% (2022: 5%)	86	118
AU/NZ exchange rate – increase 5% (2022: 5%)	-	(82)
AU/NZ exchange rate – decrease 5% (2022: 5%)	-	91

(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	2022/23	2021/22
	\$000	\$000
Unlisted private equity and managed funds	86,389	68,447
Listed Equities - NZD	110,266	94,839
Listed Equities - AUD	33,476	34,336
Listed Equities - USD, EUR, GBP, CAD, SGD	63,135	64,403
30 June	293,266	262,024

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	8,639	(8,639)
Listed Equities - NZD	11,027	(11,027)
Listed Equities - AUD	3,348	(3,348)
Listed Equities - USD, EUR, GBP, CAD, SGD	6,314	(6,314)
30 June 2023	29,327	(29,327)
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	26,202	(26,202)

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 2023, 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 \$0.2m (2022: \$0.3m).

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 2023 and 30 June 2022.

	Group			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$000	\$000	\$000	\$000
Listed equity investments	206,878	-	-	206,878
Unlisted direct investments	-	-	18,943	18,943
Unlisted managed funds	-	-	62,552	62,552
Other instruments	-	-	4,893	4,893
30 June 2023	206,878	-	86,389	293,266

	Group			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$000	\$000	\$000	\$000
Listed equity investments	193,578	-	-	193,578
Unlisted direct investments	-	-	15,560	15,560
Unlisted managed funds	-	-	50,240	50,240
Other instruments	-	-	2,647	2,647
30 June 2022	193,578	-	68,447	262,024

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.

	2023	2022
Subsidiary	\$000	\$000
Opening Balance	68,447	45,932
Purchases	14,579	22,895
Sales	(650)	(3,951)
Interest Income	533	-
Transfers	-	(7,339)
Unrealised gains and losses recognised in net fair value gains on financial instruments held at fair value through profit or loss	3,480	10,910
Closing Balance	86,388	68,447

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 \$3.5m gain (2022: \$10.9m gain), and these amounts are recognised as part of the 'Other Losses' line item of the statement of comprehensive revenue and expense.

Fair value sensitivity

Subsidiary	Non-market observable input	Movement	Impact on fair value measurement	
			Increase	Decrease
		%	\$000	\$000
2023 – Parent and Group				
Unlisted direct investments	(i)	(i)	3,789	(3,789)
Unlisted managed funds	(i)	(i)	12,510	(12,510)
2022 – Parent and Group				
Unlisted direct investments	(i)	(i)	3,112	(3,112)
Unlisted managed funds	(i)	(i)	10,048	(10,048)

(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.

Hedging Activity

Cash Flow Hedges

Group 2023	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value Used for Calculating Hedge Effectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Line item in Profit of Loss that includes hedge effectiveness
			Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	NZ\$000	NZ\$000	NZ\$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	15,497	(124)	-	(195,000)	3,483	(4,617)	78	Finance income
Cash flow hedge	Foreign exchange derivatives	Plant, property, and equipment	52	(7)	-	-	(304)	304	55	Finance income
Total			15,549	(131)	-	(195,000)	3,179	(4,313)	133	

*Includes forward starting derivatives

Group 2022	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value Used for Calculating Hedge Effectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Line item in Profit of Loss that includes hedge effectiveness
			Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	NZ\$000	NZ\$000	NZ\$000	
Cash flow hedge	Interest rate derivatives	Loans and borrowings	11,957	(67)	-	(205,000)	26,803	(27,655)	6	Finance income
Cash flow hedge	Foreign exchange derivatives	Plant, property, and equipment	350	-	-	-	272	(272)	-	
Total			12,306	(67)	-	(205,000)	27,075	(27,927)	6	

*Includes forward starting derivatives

Fair Value hedges

Group 2023	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value Used for Calculating Hedge Effectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Change in Fair Value of Hedged Item Used to Determine Profit or Loss	Hedge Ineffectiveness Recognised in Profit or Loss
			Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	NZ\$000	NZ\$000	NZ\$000
Fair value hedge	Interest rate derivatives	Loans and borrowings	-	(9,118)	-	(90,775)	9,224	-	(1,715)	1,696	(19)

Group 2022	Hedging Instrument	Hedged Item	Carrying Amount of Hedging Instrument		Carrying Amount of Hedged Item		Change in Fair Value of Outstanding Hedging Instruments	Change in Fair Value Used for Calculating Hedge Effectiveness	Hedge Ineffectiveness Recognised in Profit or Loss	Change in Fair Value of Hedged Item Used to Determine Profit or Loss	Hedge Ineffectiveness Recognised in Profit or Loss
			Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	Assets NZ\$000	(Liabilities) NZ\$000	NZ\$000	NZ\$000	NZ\$000
Fair value hedge	Interest rate derivatives	Loans and borrowings	-	(7,403)	-	(92,954)	7,528	-	(7,403)	7,528	125

The accumulated amount of fair value adjustments remaining in the balance sheet of any hedged items that have ceased to be adjusted for hedging gains and losses is \$nil (2022: \$nil). The changes in fair value deemed to be hedge ineffective are recognised in finance income or expenses.

Profile of Timing- move this section to end of note

The following table sets out the profile of timing of the notional amount of the hedging instrument:

Group 2023	Less than 12 months NZ\$000	Maturity			Total NZ\$000
		1-4 Years NZ\$000	4-7 Years NZ\$000	More than 7 years NZ\$000	
Interest rate derivatives					
Notional amount – fixed (NZ\$000)	-	155,000	160,000	-	-315,000
Average fixed rate (%)	3.09	2.62	2.47	-	2.69
Notional amount – variable (NZ\$000)	-	-	100,000	-	-100,000
Average variable rate (%)	6.72	5.39	5.26	-	5.60
Foreign exchange derivatives					
Notional amount (US\$000)	1,410	-	-	-	1,410
Notional amount (EUR\$000)	8,074	1,957	-	-	10,031
Average USD:NZD forward contract rate	0.62	-	-	-	0.62
Average EUR:NZD forward contract rate	0.56	0.55	-	-	0.56

Group 2022	Less than 12 months NZ\$000	Maturity			Total NZ\$000
		1-4 Years NZ\$000	4-7 Years NZ\$000	More than 7 years NZ\$000	
Interest rate derivatives					
Notional amount (NZD\$000) – fixed	30,000	135,000	95,000	40,000	300,000
Average rate (%)	3.13	2.75	1.93	1.41	2.59
Notional amount (NZD\$000) – variable	-	-	100,000	-	-100,000
Average rate (%)	4.42	5.03	5.06	-	4.95
Foreign exchange derivatives					
Notional amount (US\$000)	1,410	-	-	-	1,410
Notional amount (AU\$000)	1,568	-	-	-	1,568
Average USD:NZD forward contract rate	0.72	-	-	-	0.72
Average AUD:NZD forward contract rate	0.93	-	-	-	0.93

Hedging Reserves

	2023 NZ\$000	2022 NZ\$000
Opening balance	9,051	(11,358)
Fair value gains included in OCI	3,438	27,075
Reclassified to income statement – included in finance expenses	(82)	(6)
Reclassified to the cost of property, plant and equipment – not included in OCI	(255)	-
Amortisation of interest rate collar premium	22	80
Movement in hedging reserve of Equity Accounted Investees	209	862
Tax impact	(874)	(7,602)
Closing balance	11,509	9,051

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Port of Tauranga Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Port of Tauranga Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Port of Tauranga Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Port of Tauranga Group or the derivative counterparty.

The Port of Tauranga Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Port of Tauranga Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;

- differences in critical terms between the interest rate swaps and loans; and
- drawn liabilities that fall below the hedging amount, causing the hedge ratio to exceed 100%.

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 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 the 2022-2023 Annual Plan are as follows:

Operating revenue

Total operating revenue for the year ended 30 June 2023 was \$172.4m, this is \$8.6m higher than budget of \$163.8m and \$24m higher than last year.

The key reasons for the variances are identified as follows:

Rates revenue

Rates revenue was \$1.4m higher than planned due to higher rates penalty income received, partly offset by higher remissions than budgeted.

Subsidies and grants

Subsidy and grant revenue was \$25m compared to a budget of \$24.4m due to an increase in Passenger Transport subsidy received from Waka Kotahi for half price fares, increased school services, and additional funding to cover other cost increases.

This increase has been offset by a reduction in revenue resulting from revenue for biosecurity projects (wallaby and wilding pine) budgeted as subsidy revenue but recognised as trading and other revenue.

Interest revenue

Corporate interest revenue of \$6.3m is lower than budget of \$6.8m. This is due to lower than expected loans to Quayside Holdings Limited in relation to the Rangiu Business Park.

Trading and other revenue

Trading and other revenue was \$20.2m, which is \$4.7m higher than the budget of \$15.5m, and \$3.6m higher than last year higher than last year due to:

- Capital insurance recoveries of \$3.1m were received during the current year relating to the 2017 flood event.
- Funding for biosecurity wallaby and wilding pine projects budgeted for in subsidies and grants but actual revenue of \$2.1m recognised in trading and other revenue.

Lower than budgeted section 36 fees (Resource Management Act) for the year offset the increase in revenue.

Reversal of impairment losses on financial assets

The value of Council's investment in Toi Moana Trust as at 30 June 2023 increased in fair value compared to 30 June 2022. This resulted in an unbudgeted impairment reversal of \$1.9m.

Operating expenditure

Total operating expenditure for the year ended 30 June 2023 was \$177.2m which is \$2.1m higher than budget of \$175.1m, and \$18.3m higher than last year. The key reasons for the variances are identified below:

Employee benefit expenses

Employee benefit expenses were \$55m compared to a budget of \$54.1m, an \$0.9m increase.

The overspend is attributable to increased staff time and costs for Rivers and Drainage and Emergency management teams responding to several weather events during the year.

Trading and other expenses

Trading and other expenses were \$107.9m which was \$4.1m higher than the budget of \$103.8m.

Most of the variance is attributable to Passenger Transport, which is \$3m higher than budget. The variances are a result of indexation uplift, driver wage increases, and significant increase in demand for school bus services which was unplanned and not budgeted for.

There has also been higher than budgeted expenditure in Rivers and Drainage for increased contract work, assessments and inspections in response to recent adverse weather events, and in Maritime for a vessel removal from the Tauranga Harbour.

Depreciation and amortisation

Depreciation and amortisation costs were \$0.5m less than budget due to lower than budgeted capital expenditure during the year.

Finance costs

Finance costs were \$5.8m which was \$2.6m lower than the budget of \$8.4m. There has been less borrowing than planned due to the timing of drawdown requirements from Quayside Holdings Limited. This is partly offset by increased finance costs attributable to higher than planned interest rates.

Statement of financial position

Assets

Total assets are \$814.9m, \$64.1m lower than budget due to the below major variances.

Current assets

Current assets were \$50.1m higher than budget due to the below major variances.

- Non-current assets held for sale of \$2.8m was not budgeted for and relates to land and buildings on Cutwater Road, Pukehina. Council purchased this property in 2022/23 and is transforming 30 hectares of it to wetland and selling the remaining property what will not be used.
- Cash and cash equivalents were \$8.2m lower than budget mainly due to Term deposits planned as cash classified as financial assets due to the maturity date.

Non-current assets

Non-current assets were \$114.2m lower than budget due to the below major variances.

- Property, plant and equipment was \$22.4m less than planned, mainly due to lower than expected capital expenditure.
- Other financial assets were \$87.4m lower than budget. This is mainly due to \$85.9m in expected loans not drawn down by related parties (QHL) this financial year as planned.

Liabilities

Total liabilities are \$70.7m lower than budget due to the below major variances.

- The put option is valued at \$2.4m which is \$0.6m lower than budget.
- Total current and non-current borrowings is \$70.8m lower than budget. Planned borrowings from the LGFA to lend to related parties (QHL), have not been required.

Equity

Total equity is \$6.6m higher than budget mainly due to infrastructure asset revaluation and replacement movements in prior year and current years.

Statement of Cashflows

Net cash from operating activities are \$4.8m higher than budget, mainly due to higher than expected receipts from rates and from customers.

Net cash from investing activities is \$81.3m lower than budget. Outflows of cash for purchase of Property Plant and Equipment being \$18.6m lower than expected. \$61m of prior year cash balance invested in financial assets, resulting in the large outflow of cash from investing activities.

Net cash from financing activities was \$16.6m higher than budget due to additional borrowings to pre-fund capital expenditure in future years to provide interest rate certainty.

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 2023 was carried out by PricewaterhouseCoopers (PwC), Wellington on 29 September 2023. 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 \$1.9m to \$2.5m for the Put Option. In 2021/22 this range was \$2.1m to \$2.7m.

Sensitivity of the indicative valuation to 22.3% recovery				
Rating score	A-	BBB+	BBB	BBB-
Income statement	\$0.1 million	-\$0.2 million	-\$1.2 million	-\$4.2 million
Balance sheet	\$2.5 million	\$2.8 million	\$3.8 million	\$6.8 million

Sensitivity of the indicative valuation to 40% recovery				
Rating score	A-	BBB+	BBB	BBB-
Income statement	\$0.7 million	-\$0.5 million	-\$0.3 million	-\$2.7 million
Balance sheet	\$1.9 million	\$2.1 million	\$2.9 million	\$5.3 million

41 Funding impact statement

Bay of Plenty Regional Council: Funding impact statement for the year ended 30 June 2023 (whole of Council)

	Annual Plan	Annual Report		Actual
	2021/22	2021/22	2022/23	2022/23
	\$000	\$000	\$000	\$000
Source of operating funding				
General rates, uniform annual general charges, rates penalties	31,118	31,547	35,647	37,191
Targeted rates	33,212	32,549	35,413	35,297
Subsidies and grants for operating purposes	23,405	18,055	20,828	22,145
Fees and charges	12,728	9,357	12,096	8,982
Interest and dividends from investments	46,725	46,876	52,807	52,397
Local authorities fuel tax, fines infringement fees and other receipts	2,910	6,223	3,437	8,151
Total operating funding (A)	150,097	144,606	160,228	164,162
Applications of operating funding				
Payments to staff and suppliers	152,528	144,501	157,948	162,883
Finance costs	3,501	3,061	8,390	5,795
Other operating funding applications	-	36	-	34
Total applications of operating funding (B)	156,029	147,598	166,338	168,712
Surplus (deficit) of operating funding (A-B)	(5,932)	(2,991)	(6,110)	(4,550)
Sources of capital funding				
Subsidies and grants for capital expenditure	5,713	2,084	3,615	2,815
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	34,572	11,630	(8,370)	24,177
Gross proceeds from sale of assets	-	-	-	5
Lump sum contributions	-	-	-	-
Other dedicated capital funding	1,848	1,052	-	3,113
Total sources of capital funding (C)	42,134	14,767	(4,755)	30,110

	Annual Plan	Annual Report		Actual
	2021/22	2021/22	2022/23	2022/23
	\$000	\$000	\$000	\$000
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve levels of service	26,543*	13,881	18,172	10,507
- to replace existing assets	8,029*	4,618	16,199	4,919
Increase (decrease) in reserves	1,067	43,011	(2,495)	(25,718)
Increase (decrease) of investments	563	(49,734)	(42,740)	35,852
Total applications of capital funding (D)	36,202	11,776	(10,865)	25,560
Surplus (deficit) of capital funding (C-D)	5,932	2,991	6,110	4,550
Funding balance (A-B) + (C-D)	-	-	-	-

Note: This financial statement excludes:

Depreciation and amortisation	7,706	8,713	8,723	8,258
Loss on sale of property, plant and equipment	-	48	-	269
Gain on disposal of property, plant and equipment	-	-	-	(179)
Fair value and other non-cash adjustments	-	2,040	-	(1,958)
Gain on revaluation of Put Option	-	(400)	-	(200)
Asset revenue gain	-	(253)	-	-
Vested Asset Revenue	-	(8)	-	-

* Different to previous published figures due to remapping between the two types of capital expenditure

42 Internal loans

Council

Group of Activities	Opening Balance 01 July 2022 Restated	Loan Advances	Loan Repayments	Closing Balance 30 June 2023	Interest Charges
Catchment Management Group of Activities					
Coastal Catchments	16,605	146	(700)	16,050	337
Water Quality	504	3,825	(30)	4,299	3
Biodiversity	7	82	(2)	87	-
Rotorua Lakes	15,347	1,688	(1,900)	15,136	303
Regional Parks	2,761	2,204	(105)	4,860	29
	35,224	7,945	(2,738)	40,432	672
Resource Regulation and Monitoring Group of Activities					
Rotorua Air Activity - Clean Heat	1,968	-	(516)	1,452	47
Maritime	296	-	(12)	285	5
	2,264	-	(528)	1,736	52
Flood Protection and Control Works Group of Activities					
Kaituna Catchment Control Scheme	8,911	1,125	(1,011)	9,025	176
Rangitaiki - Tarawera Rivers Scheme	41,837	4,305	(5,567)	40,575	799
Whakatāne - Tauranga Rivers Scheme	8,502	650	(1,485)	7,667	161
Waioeka - Otara Rivers Scheme	4,797	121	(720)	4,198	99
Rangitaiki Drainage Scheme	1,434	103	(139)	1,397	26
Non-Scheme	13,572	6	(643)	12,935	284
Flood Risk (Engineering)	-	-	(1)	(1)	3
	79,052	6,309	(9,565)	75,796	1,547
Support Services Group of Activities					
Geospatial	566	100	(23)	643	9
Data Services	1,006	176	(39)	1,144	16
Science	1,482	-	(53)	1,429	20
Communications	3	-	-	3	-
Buildings	35,512	628	(1,549)	34,591	691
Plant	1,515	674	(62)	2,127	22
Vehicles	3,380	1,082	(134)	4,327	52
Information Services	5,278	468	(224)	5,521	84
Information Technology	2,376	-	(95)	2,281	49
	51,118	3,128	(2,179)	52,067	943

Group of Activities	Opening Balance 01 July 2022 Restated	Loan Advances	Loan Repayments	Closing Balance 30 June 2023	Interest Charges
Transport and Urban Planning Group of Activities					
Tauranga Passenger Transport	1,118	-	(41)	1,077	23
	1,118	-	(41)	1,077	23
Emergency Management Group of Activities					
CDEM Group	7	26	-	33	-
	7	26	-	33	-
Total	168,785	17,408	(15,052)	171,141	3,237

43 Depreciation and amortisation expense by Group of Activity

	Council 2022/23 \$000	Council 2021/22 \$000
<i>Directly attributable depreciation and amortisation expense by group of activity:</i>		
Catchment Management	1,165	1,194
Flood Protection & Control	2,448	2,388
Resource Regulation & Monitoring	149	151
Transport and Urban Planning	611	784
Democracy, Engagement and Planning	-	-
Emergency Management	-	-
Support Services	3,885	4,195
Total depreciation and amortisation	8,258	8,713

44 Financial Prudence

Annual report disclosure statement for year ending 30 June 2023

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-

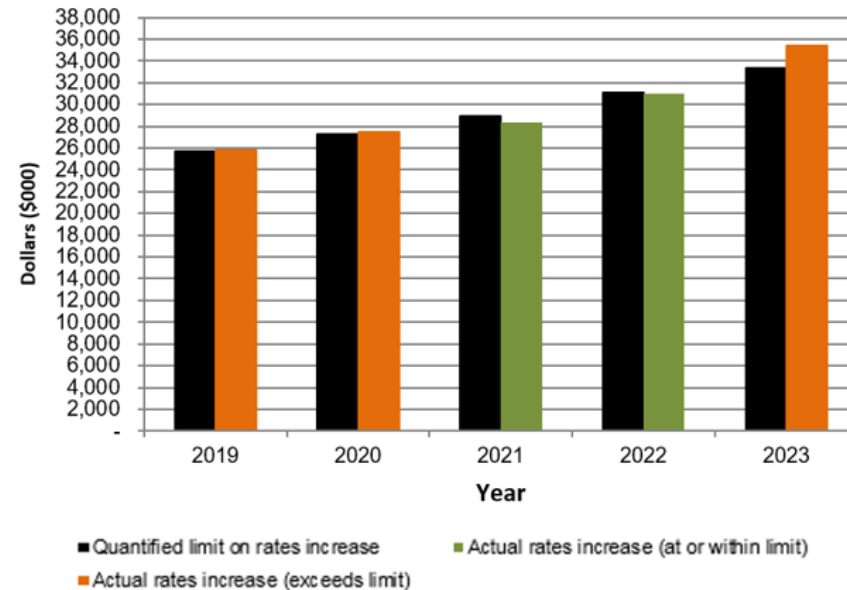
- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases

Rates (income) affordability

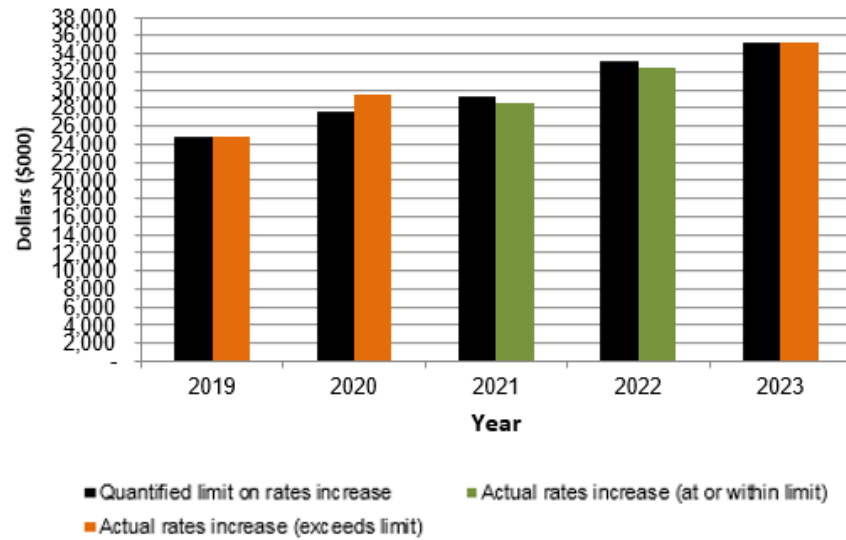
The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars. The quantified limits for rates are from Long Term Plan 2021-2031.

Quantified limit on rates	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General rates	18,169	18,340	20,080	21,988	25,728	27,285	28,934	31,118	25,224
Targeted rates	18,205	14,940	16,092	18,669	24,780	27,526	29,202	33,212	35,201
Planned rates	36,374	33,280	36,172	40,657	50,508	54,811	58,136	64,330	60,425

General rates



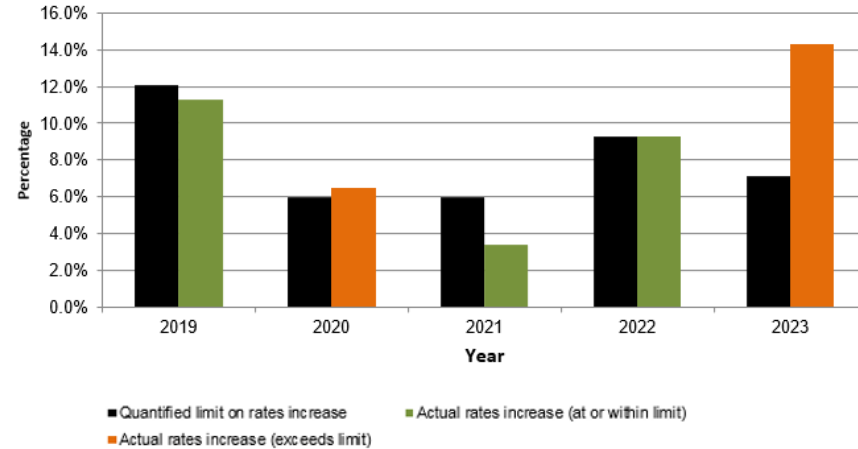
Targeted rates



Rates (increases) affordability

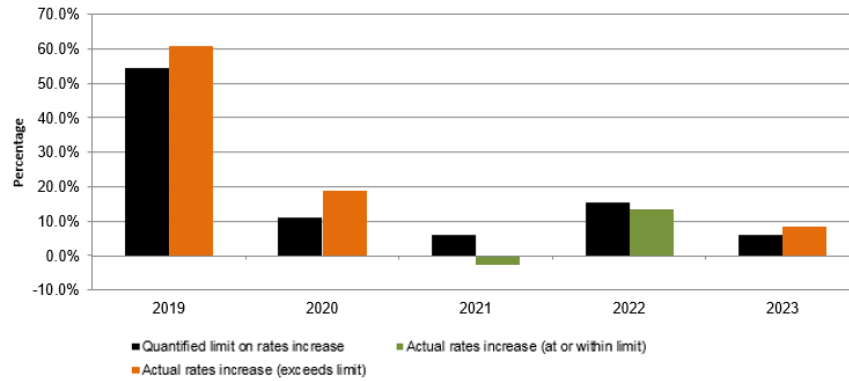
The following graphs compare the Council's actual rates increases, with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan 2021 - 2031. The quantified limit is set for each financial year and measured as percentage rate rise from the prior financial year.

General rates

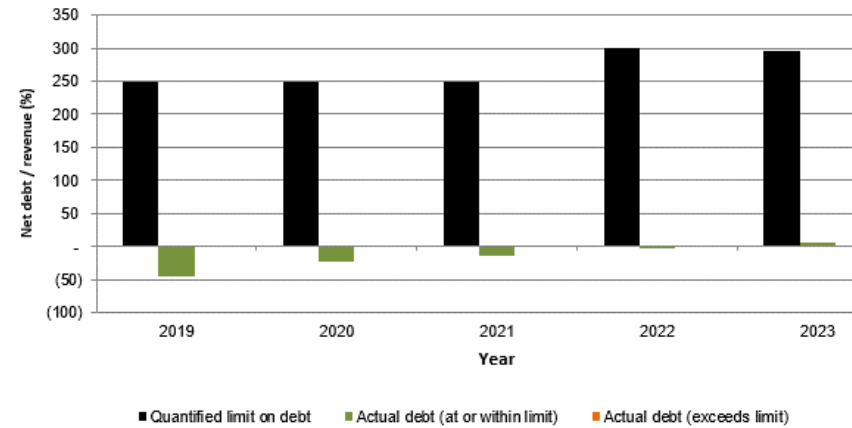


The published Annual Report 2021/22 incorrectly reflected a "not achieved" result of 11% for 2022. This has been corrected in the table above with an "achieved" result of 9%.

Targeted rates



Net debt / total revenue



Debt affordability benchmark

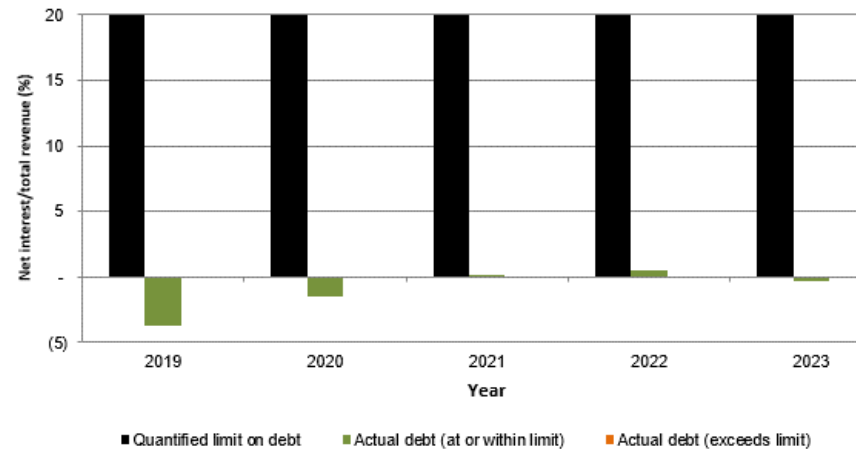
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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.

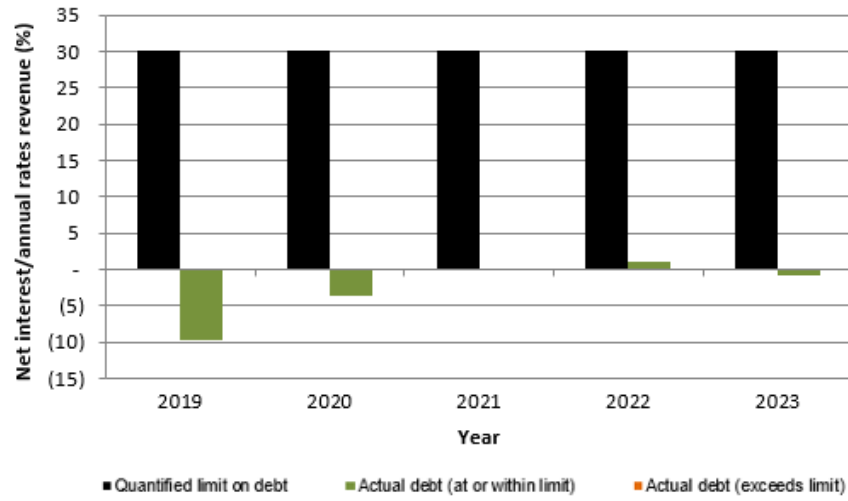
Finance covenant (1)	Limit
Net debt (2) / Total revenue (3)	<295%
Net interest / Total revenue	<20%
Net interest / Annual rates revenue	<30%
Liquidity >110%	>110%

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).

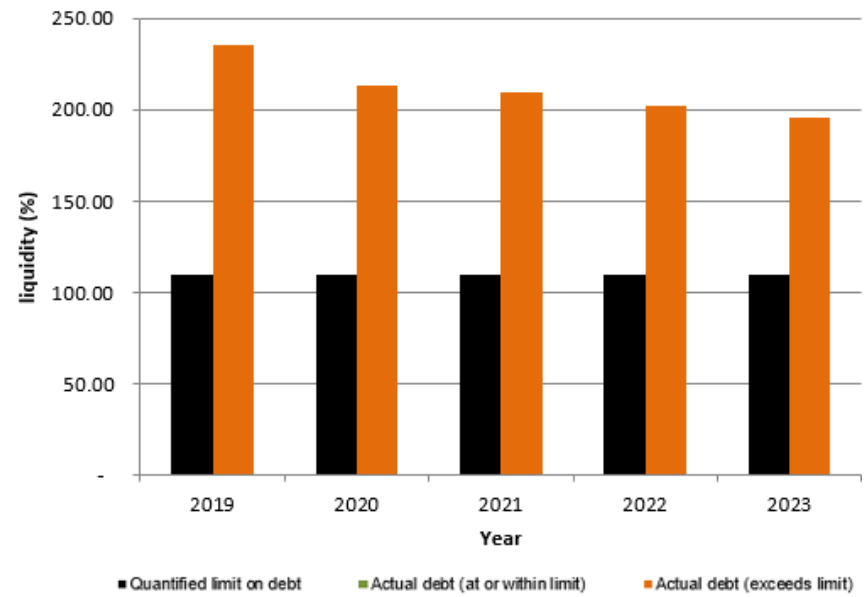
Net interest / total revenue



Net interest / annual rates revenue



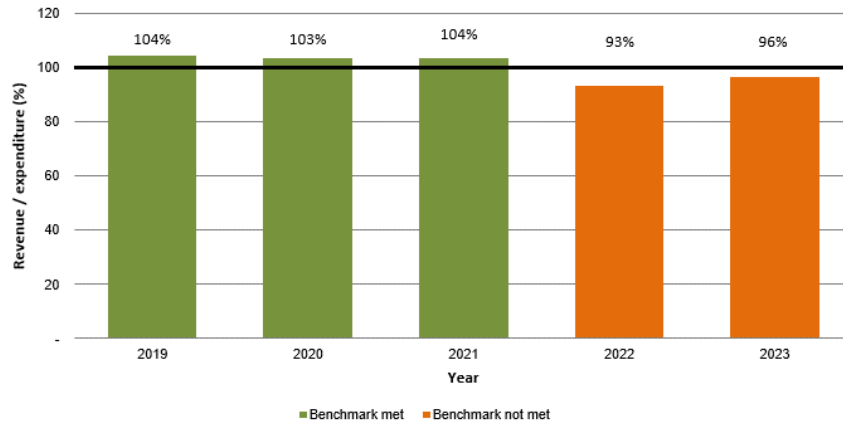
Liquidity



Balanced budget benchmark

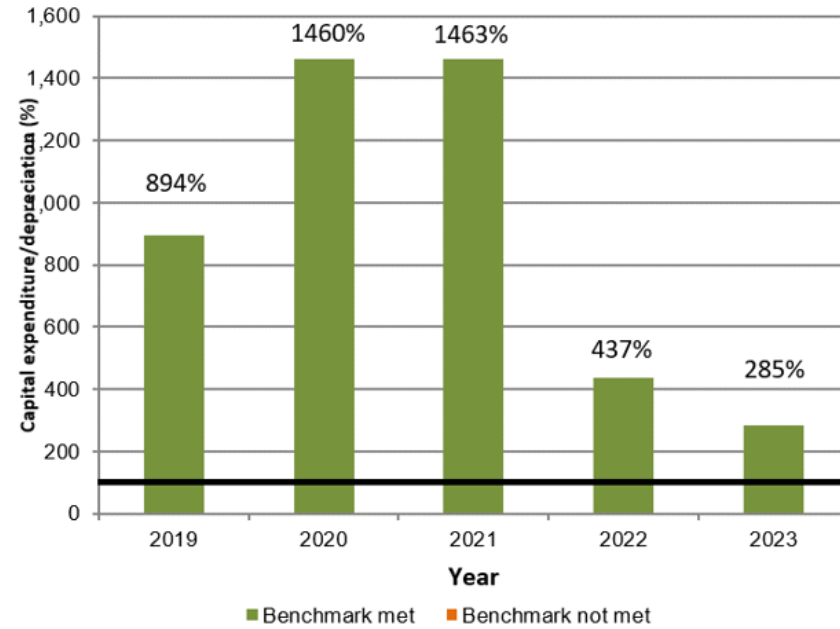
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial 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

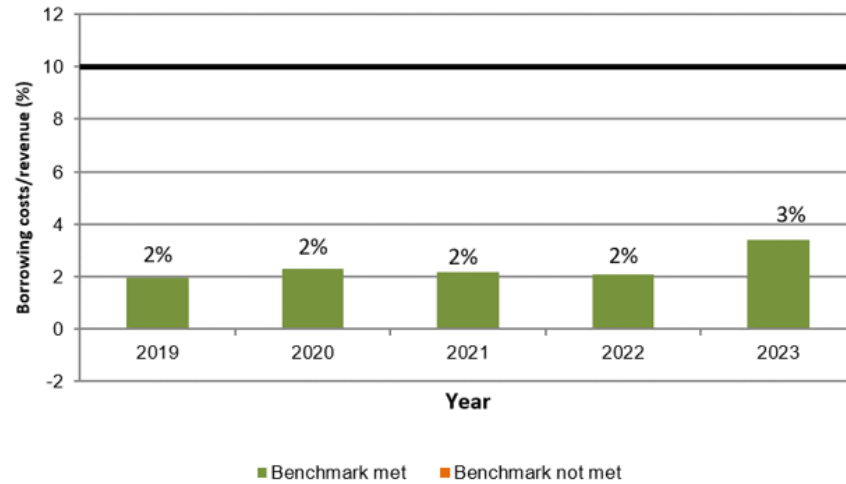
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals, or is greater than depreciation on network services.



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).

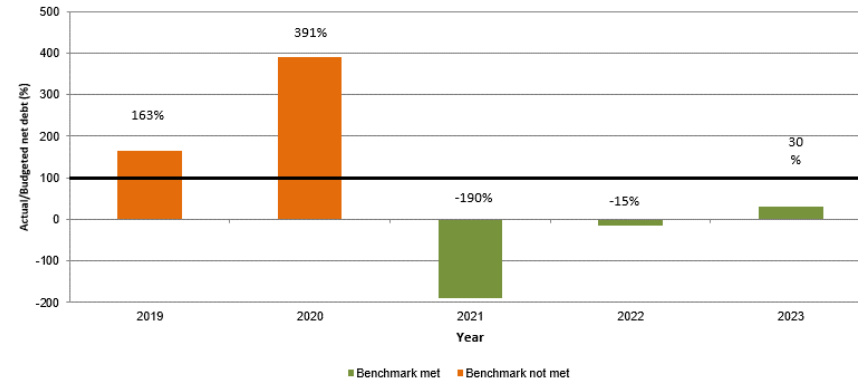
Because Statistics New Zealand projects the Council's population will grow *more slowly* than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 % of its revenue.



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).

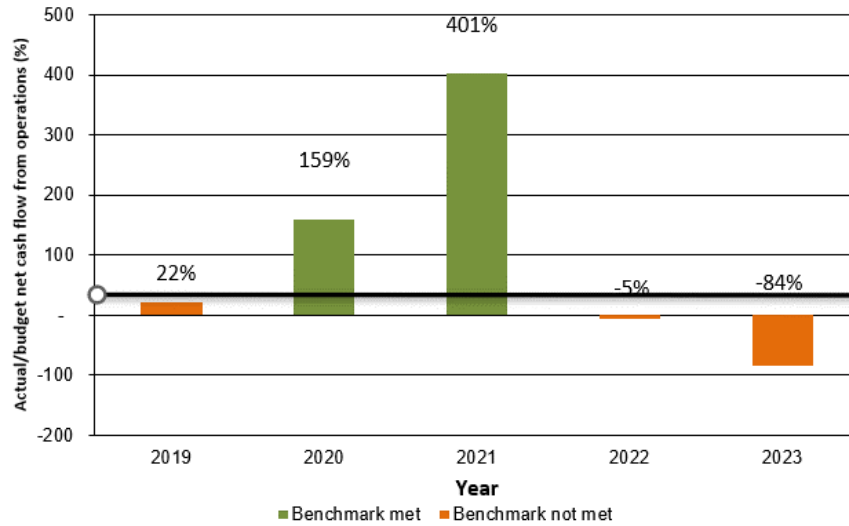
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



The results in the operations control benchmark report as have been reported as benchmark not met, based on Local Government (Financial Reporting and Prudence) Regulations 2014 section 23, this is because they Council budgeted an outflow of cash from operations, but actual result reflect an inflow of cash 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 service performance information 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 2023 fairly reflect the financial position, financial performance and service performance achievements of the Bay of Plenty Regional Council and Group.



Douglas Leeder
Chairman

26 October 2023



Fiona McTavish
Chief Executive

26 October 2023

Independent Auditor's Report

To the readers of Bay of Plenty Regional Council's annual report for the year ended 30 June 2023

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 26 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 90 to 183 and page 185:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2023;
 - 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 184, 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 Annual Plan.
- the Service Delivery Performance on pages 19 to 51:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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 57 to 68, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 57 to 69, 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 186-192, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's 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.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Regional Council has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 45 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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 annual 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 18, 52 to 56, 70 to 89, 193 and 198 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 (including International Independence Standards) (New Zealand) (PES 1) 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.

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Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Ngā mangai

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