

Statement of Accounting Policies

Reporting entity

Bay of Plenty Regional Council is established under the the Local Government Act 2002.

The Bay of Plenty Regional Council group (Group) consists of Bay of Plenty Regional Council and its 100 percent owned subsidiary Quayside Holdings Limited (an investment company incorporated in New Zealand). Quayside Holdings Limited has a 100 percent shareholding in Quayside Properties Limited and Quayside Securities Limited. The principal activity of Quayside Securities Limited is to act as trustee for the Quayside Unit Trust. Quayside Securities Limited as trustee owns 54.95 percent of the shares in Port of Tauranga Limited (Port Company).

The primary objective of Bay of Plenty Regional Council is to provide goods or services for the community and social benefit rather than making a financial return. Accordingly, Bay of Plenty Regional Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

These prospective financial statements report on all budgets for activities of Bay of Plenty Regional Council for the year ended 30 June 2013 and the subsequent nine years.

These prospective statements are those of Bay of Plenty Regional Council only and are not consolidated with the statements of any subsidiaries (Quayside Holdings Limited companies, the Group).

Basis of preparation

Statement of compliance

The prospective financial statements of Bay of Plenty Regional Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (New Zealand GAAP).

These prospective financial statements have been prepared in accordance with New Zealand GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements use forecast opening balances for the period ending 30 June 2012 and estimates have been restated accordingly if required.

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be significant. Events and circumstances may not occur as expected or may not have been predicted, or Bay of Plenty Regional Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

Council authorised the prospective financial statements on 15 March 2012.

Council, which is authorised to do so and believes that the assumptions underlying these prospective financial statements are appropriate, has approved the Ten Year Plan for distribution.

Council and management of Bay of Plenty Regional Council accept responsibility for the preparation of their prospective financial statements,

including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Bay of Plenty Regional Council is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

No standards issued are considered to have a material future impact on Bay of Plenty Regional Council.

Significant accounting policies

Consolidation

Bay of Plenty Regional Council has not presented group prospective financial statements because it believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Ten Year Plan is to provide users with information about the core services that Bay of Plenty Regional Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Bay of Plenty Regional Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries,

except to the extent that Bay of Plenty Regional Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of Bay of Plenty Regional Council.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when levied.

Sale of services

Service revenue is recognised when the related service is performed. If the service is in progress at year end, then the portion performed is recognised in the current year.

Sale of goods

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

Rental income

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

Government grants

Bay of Plenty Regional Council receives Central Government grants from the New Zealand Transport Agency, which subsidises part of Bay of Plenty Regional Council's passenger transport services. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. The Council also receives grants in respect of qualifying operating and capital expenditure from Central Government 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.

Leases

Where Bay of Plenty Regional Council 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.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

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.

Where Bay of Plenty Regional Council 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 income.

Assets leased under operating leases are included in property, plant and equipment, in the balance sheet, as appropriate.

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

Bay of Plenty Regional Council leases property in the normal course of its business. Non-cancellable operating leases comprise mainly of property rental agreements.

Borrowing costs

Bay of Plenty Regional Council borrowing costs are recognised as an expense in the period in which they are incurred.

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 Bay of Plenty Regional Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Bay of Plenty Regional Council's decision.

Cash and cash equivalents

Cash and cash equivalents includes 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 balance sheet.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in–first out method.

The write down from cost to current replacement cost or net realisable value is recognised in the income statement.

Financial assets

Financial assets and liabilities are initially measured at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which Bay of Plenty Regional Council 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 Bay of Plenty

Regional Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held-to-maturity investments
- Available for sale financial assets
- Fair value through equity
- Investments carried at cost

Financial assets at fair value through surplus or deficit

This category has two sub-categories: Financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised with 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Available for sale financial assets

Available for sale financial assets are non-derivative assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments in this category include bonds and other fixed rate notes.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in equity.

Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

Investments carried at cost

Bay of Plenty Regional Council's investment in its subsidiary is carried at cost as allowed by NZ IAS27.

Impairment of financial assets

At each balance sheet date, Bay of Plenty Regional Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that the amount will not be able to be collected according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account.

Quoted equity investments

Equity investments are reviewed on a regular basis for impairment against the market valuation. At balance date the equities are valued to the market value. The carrying value equates to the market value.

Accounting for Derivative Financial Instruments and Hedging Activities

Bay of Plenty Regional Council 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, Bay of Plenty Regional Council 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 re-measurement to fair value is recognised immediately in the surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging.

Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the surplus or deficit.

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 equity remains there until the highly probable forecast transaction, upon which the hedge 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 surplus or deficit in the same period that the hedged item affects the surplus or deficit.

Fair value hedge

Changes in 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.

Property, plant and equipment

Property, plant and equipment consist of:

- Operational assets – These include land, buildings, plant and equipment, 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.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the income statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

All repairs and maintenance costs attributable to property, plant and equipment, are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and capital dredging (included within harbour improvements), at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Major useful lives are:

Class	Useful Life	Depreciation Rate
Buildings	5 to 100 years	1% - 20%
Plant and equipment	2 to 10 years	10% - 50%
<i>Infrastructural assets:</i>		
Concrete wall	50 years	2%
Culvert	50 years	2%
Concrete structures	70 years	1.43%
Other structures	40 years	2.50%
Pump station	70 years	1.43%
Pump components	various	various
Waterways	N/A	0%
Edge protection	N/A	0%
Buffer zone plantings	N/A	0%
Fencing	N/A	0%
Stopbanks	see below	0.30%

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

percent is used, in this instance, after 20 years, the stopbanks will have lost 6 percent of their value.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Revaluation

Land, buildings and infrastructure assets, are measured at fair value, based on periodic valuations by external independent valuers or valuations by Bay of Plenty Regional Council employees which are reviewed by external independent consultants. Revaluations are performed with sufficient regularity, at least triennially, to ensure that the carrying value of an asset does not differ materially from its fair value.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revalued assets are credited to reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset, are first charged against the revaluation reserve attributable to the asset, all other decreases are charged to the income statement.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

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

Staff training costs are recognised as an expense when incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is recognised in the income statement on a straight line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Computer Software 1 to 5 years

Creditor and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Long-term employee benefits

Bay of Plenty Regional Council 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.

Short-term employee benefits

Employee benefits expected to be settled with 12 months of balance date are measured at nominal values based 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 provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement as incurred.

Provisions

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.

Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Bay of Plenty Regional Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Bay of Plenty Regional Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Bay of Plenty Regional Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if Bay of Plenty Regional Council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Equity

Equity is the community's interest in Bay of Plenty Regional Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Other reserves:
 - Asset revaluation reserve;
 - Asset replacement reserve;
 - Environmental Enhancement Fund;
 - Restricted reserves – Disaster;
 - Equalisation fund reserve;
 - Investment fund reserve;
 - Regional project fund reserve;
 - Current accounts;
 - Financial assets - available for sale reserve; and
 - Rotorua lakes restoration reserve.

Restricted and Council - created reserves

Restricted 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 Bay of Plenty Regional Council.

Restricted reserves are those subject to specific conditions accepted as binding by Bay of Plenty Regional Council and which may not be revised by Bay of Plenty Regional 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 decisions. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council. Examples of Council-created reserves are Disaster Funds and Environmental Enhancement Fund.

Goods and Service Tax

All items in the financial statements are stated exclusive of Goods and Service Tax (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 balance sheet.

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.

Cost allocation

Bay of Plenty Regional Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities by means of an on-cost added to all staff salaries and wages charged to the output activities. The net effect on the income statement is nil.

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, income and expenses.

Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Bay of Plenty Regional Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- Valuation of land and, buildings,
- Valuation of financial instruments
- Intangible assets
- Lease classification and accounting for arrangements containing a lease
- Provisions
- Valuation of investments in subsidiaries

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 Put Option is valued annually.

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

The key inputs and assumptions used in the models are:

- Nominal amount of credit protection on reference credit \$200 million;
- Term of credit protection 10 years; and
- Probability of default is consistent with a B1/B3 credit quality. (Source: Moody's, based on empirical observations in the period 1982 to 2005.)

The valuation of the Put Option was carried out by PricewaterhouseCoopers, Wellington on 8 September 2011.

Infrastructural assets

There are a number of assumptions and estimates used when performing Optimised 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 Bay of Plenty Regional Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the income statement. To minimise this risk Bay of Plenty Regional 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 Bay of Plenty Regional Council's Asset Management Planning activities, which gives Bay of Plenty Regional Council further assurance over its useful life estimates.

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

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques.

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

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Bay of Plenty Regional Council for similar financial instruments.

Prospective Financial Statements

Prospective Statement of Comprehensive Income

Annual Plan 2011/12 \$000	Notes	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
Operating revenue											
13,742	General rates	16,464	17,868	19,408	21,039	22,829	24,530	26,365	28,349	30,482	32,783
12,400	Targeted rates	14,197	16,858	19,720	21,687	22,434	23,652	24,918	26,069	27,013	27,411
16,175	Finance income	13,038	13,217	13,582	12,666	12,154	10,737	10,153	10,057	9,482	9,451
11,150	Dividends	11,925	14,591	15,811	15,500	16,200	16,300	17,000	18,200	19,300	20,800
15,556	Subsidies and grants	24,103	9,844	10,244	13,281	15,036	10,998	11,241	15,316	9,510	9,864
10,816	Trading and other revenue	9,291	10,016	11,437	13,187	13,641	14,429	15,934	16,751	17,416	18,076
0	Other gains	0	0	0	0	0	0	0	0	0	0
79,838	Total operating revenue	89,018	82,393	90,201	97,360	102,293	100,645	105,610	114,742	113,203	118,386
Operating expenditure											
23,324	Employee benefit expenses	23,525	24,363	25,093	25,672	26,010	26,650	27,252	27,975	28,732	29,518
4,998	Depreciation and amortisation	5,436	5,966	6,605	7,181	8,042	8,747	9,017	9,316	9,376	9,483
55,769	Trading and other expenses	65,316	54,786	59,511	64,889	71,710	69,133	72,245	82,782	73,299	81,477
0	Finance costs	0	0	0	0	0	0	0	0	0	0
0	Other losses	0	0	0	0	0	0	0	0	0	0
84,091	Total operating expenditure	94,276	85,114	91,210	97,742	105,762	104,530	108,514	120,074	111,407	120,478
(4,253)	Net surplus (deficit)	(5,258)	(2,722)	(1,009)	(382)	(3,468)	(3,885)	(2,904)	(5,332)	1,796	(2,092)
Other comprehensive income											
0	Gain on property revaluations	0	0	0	0	0	0	0	0	0	0
0	Gain on infrastructure asset revaluations	0	0	0	0	0	0	0	0	0	0
0	Total other comprehensive income	0	0	0	0	0	0	0	0	0	0
(4,253)	Total comprehensive income	(5,258)	(2,722)	(1,009)	(382)	(3,468)	(3,885)	(2,904)	(5,332)	1,796	(2,092)

Prospective Statement of Changes in Equity

Annual Plan 2011/12 \$000	Notes	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
386,567	Balance at 1 July	376,583	371,325	368,604	367,595	367,213	363,744	359,859	356,955	351,623	353,419
(4,253)	Total comprehensive income previously reported	(5,258)	(2,722)	(1,009)	(382)	(3,468)	(3,885)	(2,904)	(5,332)	1,796	(2,092)
382,314	Balance at 30 June	371,325	368,604	367,595	367,213	363,744	359,859	356,955	351,623	353,419	351,327
	<i>Total comprehensive income attributable to:</i>										
(4,253)	Equity holders of the parent	(5,258)	(2,722)	(1,009)	(382)	(3,468)	(3,885)	(2,904)	(5,332)	1,796	(2,092)

Prospective Statement of Financial Position

Annual Plan 2011/12 \$000	Notes	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
	Current assets										
10,722	Cash and cash equivalents	17,967	4,971	9,539	7,863	5,598	5,000	9,389	14,812	21,954	31,750
7,176	Trade and other receivables	11,085	11,795	12,493	12,743	13,015	13,282	13,570	13,894	14,117	14,021
187	Inventories	181	188	194	200	207	214	221	229	238	247
18,084	Total current assets	29,234	16,954	22,225	20,806	18,820	18,495	23,180	28,934	36,309	46,019
	Non-current assets										
6,089	Trade and other receivables - non-current	8,753	11,840	14,468	12,495	10,523	8,550	6,577	4,605	2,760	1,380
245,057	Property plant and equipment	259,606	265,513	271,606	279,851	291,629	292,508	284,493	279,754	272,409	260,954
3,291	Intangible assets	3,991	5,399	6,917	9,119	11,057	12,937	16,455	18,513	20,518	22,777
198,301	Other financial assets - long term	162,078	161,808	145,842	138,987	126,391	122,661	122,202	116,509	115,920	115,419
0	Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
452,738	Total non-current assets	434,428	444,561	438,833	440,453	439,601	436,656	429,727	419,381	411,608	400,531
470,823	Total assets	463,662	461,515	461,058	461,259	458,421	455,151	452,907	448,316	447,916	446,549
	Current liabilities										
11,224	Trade and other payables	16,083	16,628	17,149	17,698	18,293	18,875	19,503	20,206	17,970	18,654
1,781	Employee benefit liabilities	619	634	649	666	684	700	716	735	755	775
13,005	Total current liabilities	16,703	17,262	17,798	18,364	18,977	19,575	20,219	20,941	18,725	19,429
	Non-current liabilities										
503	Employee benefit liabilities - long term	634	649	665	682	700	716	733	752	772	793
75,000	Put option	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
75,503	Total non-current liabilities	75,634	75,649	75,665	75,682	75,700	75,716	75,733	75,752	75,772	75,793
88,508	Total liabilities	92,337	92,911	93,463	94,046	94,676	95,292	95,952	96,693	94,497	95,222
382,315	Total net assets	371,325	368,604	367,595	367,213	363,745	359,859	356,955	351,623	353,419	351,327

Annual Plan		Notes	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
2011/12			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	Equity											
73,191	Retained earnings		92,945	103,082	113,791	126,827	143,551	149,472	152,068	156,994	160,070	159,921
106,102	Asset revaluation reserves		108,878	108,878	108,878	108,878	108,878	108,878	108,878	108,878	108,878	108,878
3,339	Asset replacement reserves		(4,609)	(6,384)	(7,799)	(8,808)	(8,693)	(7,905)	(8,619)	(7,949)	(7,452)	(6,406)
1,195	Environmental enhancement fund		1,095	995	895	795	695	595	495	395	295	195
2,296	Disaster reserves		1,358	2,143	2,985	3,881	2,143	2,998	3,905	4,867	5,886	1,643
2,047	Equalisation reserves		2,319	2,003	3,470	3,459	3,597	1,657	(97)	(1,187)	(1,562)	(264)
193,957	Investment fund reserves		157,923	143,653	127,687	110,832	88,237	74,506	66,047	50,354	42,765	37,321
0	Regional project fund		6,825	9,045	11,731	14,839	18,333	22,403	26,934	31,948	37,490	43,585
(284)	Current account reserves		(378)	219	987	1,540	2,034	2,286	2,375	2,354	2,079	1,485
471	Rotorua lakes restoration reserve		4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969	4,969
0	Financial assets for sale reserve		0	0	0	0	0	0	0	0	0	0
382,314	Total equity		371,325	368,604	367,595	367,213	363,745	359,859	356,955	351,623	353,419	351,327

Prospective Statement of Cash Flows

Annual Plan 2011/12 \$000	Notes	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
	Cash flows from operating activities										
26,141	General and targeted rates	30,704	34,800	39,219	42,826	45,366	48,302	51,406	54,538	57,614	60,316
15,308	Grants & subsidies	24,103	9,844	10,244	13,281	15,036	10,998	11,241	15,316	9,510	9,864
0	GST	1,058	1,095	1,130	1,166	1,206	1,246	1,288	1,336	1,387	1,442
8,962	Other receipts from customers	9,173	9,903	11,329	13,073	13,517	14,308	15,803	16,604	17,256	17,909
16,174	Interest income	13,017	13,156	13,465	12,495	11,922	10,606	9,971	9,821	9,189	9,097
11,150	Dividends	11,925	14,591	15,811	15,500	16,200	16,300	17,000	18,200	19,300	20,800
(55,765)	Payments to suppliers	(64,880)	(54,361)	(59,066)	(64,375)	(71,101)	(68,654)	(71,682)	(82,100)	(75,509)	(80,717)
(23,324)	Payments to employees	(23,462)	(24,302)	(25,031)	(25,602)	(25,939)	(26,583)	(23,458)	(23,448)	(23,443)	(23,441)
0	Interest on loans	0	0	0	0	0	0	0	0	0	0
0	Interest rate swap losses	0	0	0	0	0	0	0	0	0	0
(1,354)	Net cash from operating activities	1,637	4,725	7,101	8,364	6,208	6,523	11,568	10,267	15,304	15,270
	Cash flows from investing activities										
0	Proceeds from sale of investments	0	0	0	0	0	0	0	0	0	0
1,785	Proceeds from sale of property, plant & equipment	460	307	450	578	585	371	305	296	296	296
(15,418)	Purchase of property plant & equipment	(18,932)	(13,802)	(14,804)	(17,243)	(21,688)	(11,315)	(6,399)	(10,747)	(8,886)	(5,392)
(1,070)	Purchase of Intangible Assets	(1,821)	(1,408)	(1,518)	(2,202)	(1,938)	(1,880)	(3,518)	(2,058)	(2,005)	(2,259)
0	Purchase of investments	0	0	0	0	0	0	0	0	0	0
4,022	Investment withdrawals	20,573	270	15,966	6,854	12,596	3,731	459	5,693	588	501
0	Loss on sale of investments	0	0	0	0	0	0	0	0	0	0
(10,681)	Net cash from investing activities	279	(14,633)	94	(12,012)	(10,446)	(9,093)	(9,153)	(6,816)	(10,007)	(6,853)
	Cash flows from financing activities										
(4,600)	Loans issued to ratepayers	(4,600)	(4,600)	(4,600)	0	0	0	0	0	0	0
243	Loan repayments from ratepayers	1,053	1,513	1,973	1,973	1,973	1,973	1,973	1,973	1,845	1,380
(4,357)	Net cash from financing activities	(3,547)	(3,087)	(2,627)	1,973	1,973	1,973	1,973	1,973	1,845	1,380
(16,392)	Net increase/ (decrease) in cash, cash equivalents and bank overdrafts	(1,631)	(12,996)	4,568	(1,675)	(2,265)	(598)	4,388	5,423	7,142	9,796

27,112	Cash, cash equivalents and bank overdrafts at the beginning of the year	19,599	17,967	4,971	9,539	7,863	5,598	5,001	9,389	14,812	21,954
10,720	Cash, cash equivalents and bank overdrafts at the end of the year	17,967	4,971	9,539	7,863	5,598	5,001	9,389	14,812	21,954	31,750

Policy on Significance

Purpose

To present Bay of Plenty Regional Council's (Council) policy for determining the significance of decisions and proposals, procedures for significant decisions and proposals, and to list Council's strategic assets.

Introduction

Council is required to have this Policy under Section 90 of the Local Government Act 2002 (the Act).

The Policy sets out:

- Council's general approach to determining the significance of proposals and decisions in relation to issues, assets or other matters;
- Any thresholds, criteria, or procedures that Council will use in assessing the extent to which issues, proposals, decisions or other matters are significant; and
- The assets considered by Council to be strategic assets.

The significance of a proposal or a decision guides how Council will reach a decision, including the extent to which Council will analyse options and seek community views on the matter.

This Policy defines the activities that Council considers to be significant, to enable compliance with these provisions.

This Policy is included in the Ten Year Plan 2012-2022 and takes effect from 1 July 2012.

Definition of "Significance"

As set out under Section 5 of the Act, "significant" and "significance" mean:

"Significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance."

"Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a. The current and future social, economic, environmental, or cultural well-being of the district or region;
- b. Any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; and
- c. The capacity of the local authority to perform its role, and the financial and other costs of doing so."

General approach to determining Significance

Council will consider every proposal or decision on a case-by-case basis to determine significance. Council will use its discretionary powers under Section 79 of the Act to determine how it will achieve compliance with Sections 77 and 78 when considering a proposal or making a decision. Council will also comply with Sections 80, 81 and 82 of the Act.

In determining the significance of a proposal or decision, Council will consider the following matters:

- The likely effect of the decision on the achievement of the agreed Council Outcomes; and,
- Whether the proposal or decision is within existing budgets and either (a) or (b) or (c):
 - a. Flows consequentially and logically from a previous significant decision; or
 - b. Implements an action in the Ten Year Plan or Annual Plan; or
 - c. Implements a Council decision that was made as part of a statutory process that involved a public submissions process (such as the Regional Policy Statement, a regional plan, the Regional Land Transport Strategy/Programme, the Regional Public Transport Plan, or the Regional Pest Management Strategy); and
- Whether the decision will limit Council's capacity to perform its role or limit its ability to meet the intended levels of service in the Ten Year Plan or Annual Plan; and
- The financial costs and implications of the decision.

Decisions on the "significance" of Council's proposals and decisions will be made by full Council, Council committees and staff in accordance with the Local Governance Statement, standing orders and Council delegations.

Thresholds and criteria for significant proposals and decisions

Council will apply the following thresholds and criteria when considering a proposal or making a decision to determine whether an issue is significant. Proposals or decisions that fulfil any one of the following thresholds or criteria will be treated as significant.

Criteria	Threshold - a matter is significant if:
The likely effect on Council's ability to fulfil its statutory functions or perform its statutory roles.	It adversely affects Council's ability to fulfil its statutory functions or roles.
The financial cost of the decision.	It involves unbudgeted expenditure greater than 10 percent of Council's total expenditure in that year.
The likely effect of the decision on residents and ratepayers.	It has a major impact on all or most of the Bay of Plenty community.
The matter has been included in the Ten Year Plan or Annual Plan.	It is not consistent with the intent of relevant activity statements in the Ten Year Plan or Annual Plan.

Regional Infrastructure Fund and Direct Funding of External Infrastructure Projects

To avoid doubt, external party infrastructure development projects that Council contributes funding to, through the Regional Infrastructure Fund (RIF) or Direct Funding, are not considered significant under this Policy on Significance.

Decisions on the level and type of funding for allocation to external parties through the RIF and Direct Funding, and the effect on Council's operating or capital expenditure are not considered significant in themselves. However, the level of funding for allocation will be included in an Annual Plan or Ten Year Plan.

Rotorua lakes expenditure

To avoid doubt, a decision on the Rotorua Lakes Protection and Restoration Action Plan that relates to deferring or bringing forward expenditure in the Ten Year Plan, due to a more cost-effective nutrient reduction approach being identified, is not considered significant under this Policy of Significance.

Procedures for significant proposals or decisions

Decisions on the “significance” of Council’s proposals and decisions will be made by full Council, Council committees and staff in accordance with the Local Governance Statement, standing orders and Council delegations.

Staff will use a decision-making framework to assist them to provide advice to Council on the significance of proposals and any recommendations. Every report to Council that requires a decision will include a statement of the significance of the decision, assessed under this Policy on Significance.

For significant proposals and decisions, in accordance with Sections 77 and 78 of the Act, Council will consider reasonably practicable options and community views and preferences before determining a course of action. Council will comply with any other requirements of the Act in relation to significant matters.

Council will generally seek to include significant proposals or decisions in the Ten Year Plan or a variation to the Ten Year Plan. Where this approach is not practicable and depending on the urgency of the decision, Council will consider using the special consultative procedure for such decisions.

The only Council or Committee decisions that are exempt from these procedures are:

- Decisions of urgency where failure to make a decision would result in: a loss of opportunities to contribute to achieving the Council Outcomes; or, imminent damage to the environment, or significant risk to people’s safety; and
- Decisions on commercially sensitive matters where public consultation on an issue would compromise commercial advantage and could potentially result in substantially increased costs to Council or the loss of opportunities which contribute to achieving the Council Outcomes.

In the circumstances above, Council will tailor its decision-making process to allow as much analysis and consultation as is reasonably practicable while

either achieving the time line required or maintaining an appropriate level of commercial sensitivity.

Strategic assets

Section 90 of the Act requires Council to list the assets it considers to be strategic assets. Section 5 of the Act provides the following definition:

“Strategic Asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community; and includes:

- a. Any asset or group of assets listed in accordance with Section 90(2) by the local authority;
- b. Any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy;
- c. Any equity securities held by the local authority in:
 - i. A port company within the meaning of the Port Companies Act 1988; and/or
 - ii. An airport company within the meaning of the Airport Authorities Act 1966.”

The following assets are considered by Council to be strategic assets:

- Council’s shareholding in Quayside Holdings Limited;
- Council’s majority shareholding in Port of Tauranga Limited, which is held through Quayside Holdings Limited; and
- Council’s Flood Protection and Drainage Schemes.

Significant activities

A significant Council activity is one that makes a major contribution towards the well-being of the Bay of Plenty.

For the purposes of this Policy on Significance we consider each activity in the Ten Year Plan to be a significant Council activity. The current activities are:

- Governance and Accountability;
- Strategic Policy;
- Sustainable Communities;
- Sustainable Land Management;
- Sustainable Water Management;
- Sustainable Coastal Management;
- Sustainable Air Management;
- Resource Regulation;
- Regional Monitoring;
- Sustainable Transport;
- Sustainable Regional Development; and
- Rivers, Drainage and Flood Management.

Council Controlled Organisations

Introduction

A *Council Controlled Organisation* (CCO) is any company or entity in which one or more local authorities control 50 percent or more of the voting rights or the right to appoint 50 percent or more of the governing body of the company or entity. CCOs that are for-profit are called *Council Controlled Trading Organisations* (CCTO). CCOs and CCTOs are established under the Local Government Act 2002.

The Bay of Plenty Regional Council is a shareholder in two CCO companies that help it achieve its regional goals.

Quayside Holdings Limited independently manages commercial investments, such as a strategic holding in Port of Tauranga Limited. Bay of Plenty Regional Council owns 100 percent of the voting interests in Quayside Holdings Limited.

BoPLASS Limited (Bay of Plenty Local Authority Shared Services) independently supports all Councils in the region in the efficient delivery of shared services. Bay of Plenty Regional Council is one of nine equal shareholders in the region, with an 11.1 percent shareholding.

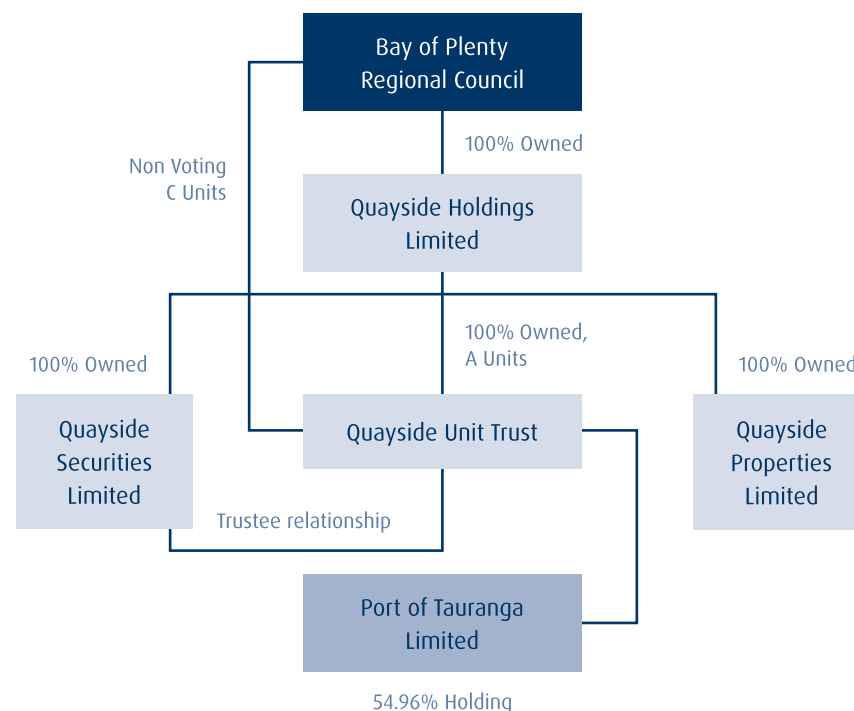
This section provides more detail on these two CCOs, including their performance measures for Years One to Ten of this Plan. Council reports on the performance of our CCOs in our annual reports.

Quayside Holdings Limited

Quayside Holdings Limited's objective is to derive commercial returns through commercial management and monitoring of its investments.

Subsidiary companies of Quayside Holdings Limited (collectively the Quayside Group) include:

- Quayside Securities Limited (100 percent owned);
- Quayside Unit Trust (100 percent owned);
- Quayside Properties Limited (100 percent owned); and
- Port of Tauranga Limited (54.95 percent owned).



History

The Quayside Group was established in 1991 when Quayside gained a majority interest in Port of Tauranga Limited from the Bay of Plenty Regional Council. The interest was acquired by Quayside Unit Trust, with Quayside Securities Limited acting as trustee for the Unit Trust. In time, Quayside Properties Limited was established for the purpose of investing in regional property infrastructure.

Perpetual Preference Shares

In March 2008, Council sold 200,000,783 Perpetual Preference Shares (PPS) in Quayside Holdings Limited to the public at \$1 per share.

The shares are listed on the NZX Debt Market (NZDX) and are able to be bought and sold by public shareholders. Shareholders receive a fixed rate of dividend, which is reset every three years. The last reset occurred on 14 March 2011, and was reset at 5.42 percent.

The proceeds from the sale of the shares raised \$200 million, providing a significant source of readily accessible funds to meet Council's capital requirements and to assist selected regional infrastructure development, for this Ten Year Plan and beyond.

Group objectives

Every year Quayside Holdings Limited as a CCO is required to submit a Statement of Intent. This document outlines the objectives and targets of the Quayside Group. The following objectives were agreed:

- To enable the Council to undertake commercial activities in accord with the Local Government Act 2002;
- To act as a responsible commercially focused investor and manager, targeting long-term commercial returns, and delivering the shareholder growth and income;

- To allow Port of Tauranga Limited (or any other subsidiary) to perform as an independent commercial company through the effective separation of Council and Port responsibilities;
- To access commercial expertise through the appointment of independent directors;
- To provide appropriate access to efficient funding, for the benefit of the region;
- Seek and or where requested by Council identify, analyse, implement and/or manage new commercial opportunities;
- To work openly with Council to provide regional benefit;
- To ensure open dialogue exists between the Group and Council; and
- To comply with all relevant legislation as both a CCO and an issuer on the NZDX.

Assets and ownership objectives

As at 30 June 2011 the market value of the Quayside Holdings Limited (Quayside) investment in Port of Tauranga Limited was \$650 million. This represents 54.95 percent of the total shares issued by Port of Tauranga. Retaining majority ownership of this asset is deemed strategic to both Quayside and Council.

At this date, Quayside also held property, shares, and cash valued at a further \$115 million. Property investments are assessed annually based on their relative strategic and commercial value. Share investments are governed by a Statement of Investment Policy and Objectives (SIPO).

Quayside had debt of \$100 million at 30 June 2011.

Distributions

In the year to 30 June 2011 Quayside made distribution of \$6.68 million to Bay of Plenty Regional Council and \$12.397 million to Perpetual Preference Shareholders.

Quayside pays distributions to shareholders out of available cash flow. The distributions targeted for the next three years to 30 June are:

Distribution to	2011/12	2012/13	2013/14
Bay of Plenty Regional Council	\$11,150,000	\$11,925,000	\$13,091,000
Perpetual Preference Shareholders	\$10,840,000	\$10,840,000	\$10,840,000
Total Distribution	\$21,990,000	\$22,765,000	\$23,931,000

Governance

Quayside Holdings and its subsidiaries are independent from the Regional Council in management and governance. Quayside is governed by a Board of Directors.

The directors of Quayside Holdings Limited are appointed by Bay of Plenty Regional Council. The current directors are Michael Smith (Chairman), John Green, Athole Herbert, Mary-Anne Macleod, James Mansell and Jane Nees. The Chief Executive of Quayside Holdings Limited is Scott Hamilton.

Port of Tauranga Limited is publicly listed on the NZX Main Board (NZSX), with directors appointed through its Annual General Meeting.

BoP LASS Ltd

Background

The local authorities in the Bay of Plenty and Gisborne regions established BoP LASS Ltd in 15 October 2007. It was established to investigate, develop and deliver shared services, joint procurement and communications where and when they can be done more effectively for any combinations of some or all of the councils.

Bay of Plenty Regional Council is a one-ninth (11.1 percent) shareholder in BoP LASS Ltd, along with the eight other councils in the Bay of Plenty and Gisborne regions.

Objectives

The objective of BoP LASS as stated in its Statement of Intent is:

"We will provide benefit to Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation."

Nature and scope of activities

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

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

Governance

BoP LASS Ltd will conduct itself in accordance with its Constitution, its annual Statement of Intent agreed with shareholders, the provisions of the Companies Act 1993 and the Local Government Act 2002.

The company is governed by its directors. To ensure total synergy between the company's activities and its council shareholders' activities, the councils' Chief Executives are also the directors.

Unless otherwise agreed by the Board, each appointee is the current (or acting) Chief Executive of the member councils. In addition, the Board may appoint up to three professional directors to supplement the Directors'/Chief Executives' expertise.

Performance Indicators

Council-Controlled Organisations	Key performance indicators	Target				
		Current	Year One 2012/13	Year Two 2013/14	Year Three 2014/15	Year Four to Year Ten 2015/15 to 2021/22
Quayside Holdings Limited	Maintain a majority holding in the Port of Tauranga Limited. ⁽¹⁾	55%	Holding of greater than 51%.	Holding of greater than 51%.	Holding of greater than 51%.	Holding of greater than 51%.
	Generate commercial returns across the Investment Portfolio.	7.78%	Three year rolling return of at least 8.5% per annum.	Three year rolling return of at least 8.5% per annum.	Three year rolling return of at least 8.5% per annum.	Three year rolling return of at least 8.5% per annum.
	Annual Board assessment shows benefit Pass of each asset holding generates long term commercial returns and or Regional benefit through a portfolio of Infrastructure Assets.	Pass	Pass	Pass	Pass	Pass
	Compliance with NZ standards for best practice Financial Reporting.	Unmodified end of year audit from Council's auditors.	Unmodified end of year audit from Council's auditors.	Unmodified end of year audit from Council's auditors.	Unmodified end of year audit from Council's auditors.	Unmodified end of year audit from Council's auditors.

1. Council's Statement of Intent with Quayside Holdings Limited requires all significant changes in shareholding in Port of Tauranga Limited to be made by Council.

Council-Controlled Organisations	Key performance indicators	Target				
		Current	Year One 2012/13	Year Two 2013/14	Year Three 2014/15	Year Four to Year Ten 2015/15 to 2021/22
BOPLASS Limited	Initiate at least one shared service each year.	New measure	One initiative	One initiative	One initiative	One initiative
	Facilitate a minimum of four joint procurement initiatives per year.	New measure	At least four joint initiatives.	At least four joint initiatives.	At least four joint initiatives.	At least four joint initiatives.
	A minimum of one meeting with each executive leadership team per year.	New measure	One meeting with each executive leadership team.	One meeting with each executive leadership team.	One meeting with each executive leadership team.	One meeting with each executive leadership team.

Revenue and Financing Policy

Purpose

To present Bay of Plenty Regional Council's (Council) policies for financing its planned groups of activities including proposed funding sources.

Under Sections 102 and 103 of the Local Government Act 2002 (the Act), Bay of Plenty Regional Council must adopt a Revenue and Financing Policy.

Introduction

Section 101(1) of the Local Government Act requires us to manage our revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a way that promotes the current and future interests of the community. This Revenue and Financing Policy is prepared in accordance with Sections 102 and 103 of the Act.

This Policy describes how Council will use revenue and financing sources to fund its activities. Firstly it describes the relevance of each source. It then sets out in a series of tables how each of our 33 programmes (that make up our 12 Activities) are funded from the available sources of revenue and finance. It also describes why this funding mix has been chosen in terms of Section 101(3) of the Local Government Act.

We have assessed the sources of revenue and finance for each programme using the following criteria as set out by the Act:

- Council Outcomes to which the Activity primarily contributes;
- Distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- The period in which benefits are expected to occur;
- Extent that action(s) or in-action(s) of particular individuals or a group contribute to the need to do the Activity;
- Costs and benefits, including consequences for transparency and accountability, of funding the Activity distinctly from other Activities; and
- Overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

Section 103(2) of the Act allows us to finance our activities from:

- General rates (including choice of valuation system, differential rating and Uniform Annual General Charges (UAGC));
- Interest and dividends from investments;
- Targeted rates;
- Lump sum contributions;
- Fees and charges;
- Borrowing;
- Proceeds from asset sales;
- Development contributions;
- Financial contributions under the Resource Management Act 1991;
- Grants and subsidies; and
- Any other source.

General funding referred to in the recommended funding mix is a combination of investment income (interest and dividends) and general rates (including UAGC).

Council funds capital expenditure from the accumulated cash surpluses from financed depreciation. If, for any capital project, those accumulated operating cash surpluses are insufficient, then we will consider other most appropriate sources from the list above.

Revenue funding mechanisms for operating and capital expenditure

General rates

General rates are charged on all rateable land in the Bay of Plenty. Council has adopted the land-value system for calculating its regional general rate. Because rating re-valuations occur across the region in different years, this rate is charged on an equalised land-value basis. The land-value rate is charged at a uniform rate for each dollar rateable value for all rateable land in the region.

The benefits of most of our activities are evenly distributed across the region. Council has adopted a land-value system for the general rate as Council's activities, which are part-funded by the general rate, deliver benefits more closely aligned with land values than capital values. For example, the integrated and sustainable management of natural and physical resources is more likely to have a long-term impact on land resources and land values than on the capital improvements associated with that land.

Uniform Annual General Charge

A Uniform Annual General Charge (UAGC) is a fixed amount charged per rating unit, or separately used or inhabited part of a rating unit.

The impact of a UAGC is to set a component of rates as a fixed charge per property or unit, and to separate this charge from the valuation base used to calculate the general rate.

Under the Local Government (Rating) Act 2002, a limit of 30 percent of total rate revenue can be levied through a UAGC or fixed rate per property. Council considers there to be two situations in which a UAGC should be used. These are:

- Where an activity delivers evenly distributed benefits to people rather than to a property (for example, our Governance and Accountability Activity); and
- Where an activity is a public good, and delivers equal or similar benefits to all rateable properties (for example, our Sustainable Communities Activity).

Council considers that no more than 30 percent of rating revenue could legitimately be charged as a UAGC, and has elected the UAGC will not exceed the 30 percent maximum.

Targeted rates

Targeted rates are used to fund discrete activities, and can be used only for that purpose.

Council can set one or more targeted rates to fund a single programme, or a single targeted rate to fund multiple programmes within an Activity. Targeted rates can be differential or uniform, and can be set on all properties or on one or more categories of property within the region.

The Local Government (Rating) Act 2002 allows targeted rates to be calculated as:

- A fixed-dollar per rating unit;
- A fixed-charge per factor; or
- A differential charge per factor.

Factors that may be used in calculating targeted rates are defined in the Local Government (Rating) Act 2002 as:

- Property value – annual, land or capital;
- Land area;
- Number of separately used or inhabited parts of the rating unit; and
- Extent of service provision to the rating unit by Council.

This provides Council with the flexibility to more closely match the benefits received by specific groups of ratepayers with the costs met by those groups of ratepayers. Targeted rates may also be appropriate where a specific group of ratepayers exacerbate the need for an activity.

Council has identified four areas that provide substantive benefits to groups of ratepayers over and above the benefits they provide to the whole region. These areas are:

- The Rotorua Lakes Programme component of the Sustainable Water Management Activity. Although national and regional benefits are recognised, this programme also delivers a benefit to property owners within the catchments of the lakes;
- The Rotorua Air-Quality Action Plan component of the Sustainable Air Management Activity. Although national and regional benefits are recognised, this programme also delivers a benefit to property owners in the Rotorua urban area;
- The passenger transport services (under the Sustainable Transport Activity) operating in Tauranga and Rotorua urban areas which deliver greatest benefit to property owners in these urban areas; and
- The rivers and drainage schemes (under the Rivers, Drainage and Flood Management Activity) that protect livelihoods, property, and the productivity of land within the region's major flood prone catchments, delivering the greatest benefit to property owners in those catchment areas.

Voluntary targeted rate

Where funds are lent to ratepayers to cover the cost of a Council supported initiative, the Council intends to use a voluntary targeted rate to recover the proceeds of the loan.

The collection of rates

The region's territorial authorities collect Council's regional general rates, UAGC and the targeted rates, except for the minor rivers and drainage schemes where we collect the targeted rates directly from the scheme ratepayers.

An Environmental Loan Repayment Scheme is in place to assist in the management of the recovery, via targeted rates, of loans lent to ratepayers for environmental initiatives under Council programmes (refer to the Policy on Remission and Postponement of Rates).

Council may consider more effective methods of collecting its rates including the use of a centralised entity.

Lump sum and development contributions

Council does not use lump sum or development contributions as a source of revenue as these are not suited to the activities we carry out.

Fees and charges

User fees and charges are levied directly on users of a service or facility for the private benefit they receive.

The concept of user-pays is consistent with the 'benefit/contributor principle', where the users pay for the direct private benefit they receive for the service. It is also consistent with the principle that those causing adverse change (exacerbators) pay for work required as a consequence of the changes.

User charges are used where it is not practical for Council to establish a targeted rate on individual consumers to recover the cost of the service. Where user charges are impractical or ineffective, we may levy a range of fees and charges to partly fund the private good component of an activity that deliver tangible private benefits.

Under Section 36 of the Resource Management Act 1991, Council can impose administrative fees and charges on a range of matters that provide a private benefit. These matters are set out in our Section 36 Resource Management

Act Charges Policy. Section 684B of the Local Government Act 1974 allows Council to fix fees and charges for navigation-related activities we undertake. Council sets fees or charges in relation to mooring licences, commercial operating licences and Port Charges.

Council also collects the revenue directly from the ticketing of bus travel under the Tauranga bus contract (from 1 July 2009) and other regional bus services. This system allows Council the flexibility to charge user fees or to offer more benefits to users of public transport.

Interest and dividends from investments

Council has a range of investments which return interest and dividends. Our major cash investments include day-to-day surplus funds, funds paid from the sale of Port of Tauranga Limited shares in 1991 to Quayside Holdings Limited, and the issue of the Perpetual Preference Shares in Quayside during 2007/08. Term investments include a 100 percent shareholding in Quayside Holdings Limited (a Council Controlled Organisation) and a range of day-to-day reserve investments (see the section on Council Controlled Organisations for more detail).

These investments are corporate income sources that do not directly relate to a specific activity, and form a component of 'general funds'. General funds are made up of investment income and regional general rates. To ensure investment income benefits are shared by all ratepayers, we will continue to use our investment income to reduce general rates. Without the investment income off-set, revenue required from general rates would have to increase significantly to fund current levels of service.

Funding alternatives

Council will consider funding alternatives as they become available during the Ten Year Plan period. These alternatives may be considered significant at the time, and if so Council will follow the special consultative procedure under the Local Government Act 2002.

Financial contributions

Section 108(2)(a) of the Resource Management Act 1991 authorises Council to include, as a resource consent condition, a financial contribution for purposes as stated in a regional plan. Financial contributions may mean money or land or a combination of both. The regional plan must specify the circumstances when financial contributions may be required, purpose(s) for a financial contribution, how the amount will be determined, and other matters Council will consider. The only regional plan that currently provides for financial contributions is the Regional Water and Land Plan (for more details on this, see Council's Policy on Development Contributions and Financial Contributions.).

Grants and subsidies

Council receives grants and subsidies from other organisations, including Central Government agencies and city and district councils, to help fund some of its activities. Grants and contributions are used to fund specific programmes and projects and are for national or local benefit. The main Government subsidies Council receives are from the New Zealand Transport Agency for passenger transport services and the Ministry for the Environment for the Rotorua Lakes Protection and Restoration Action Programme.

Other sources

Other operating revenue includes:

- Charges to land owners for contributing to land management activities on their property;
- Rent from Council-owned properties leased to third parties;
- Contributions from the New Zealand Transport Agency, territorial authorities and gravel-extraction revenue for flood protection activities; and
- Management fees for administrative support to Council-controlled organisations.

Financing mechanisms for operating and capital expenditure

Borrowing (loan funding)

Council raises external debt primarily for:

- Funding its capital expenditure programme;
- Managing timing differences between cash inflows and outflows, and to maintain appropriate liquidity; and
- Funding other investment activity.

The overall borrowing programme for each financial year is approved during the Annual Plan process, with specific approval for any new borrowing facility by Council.

Loans will be funded using general funds, accumulated depreciation and any relevant targeted rates.

Proceeds from asset sales

Proceeds from asset sales are generally used to repay debt or off-set borrowing requirements, unless Council determines otherwise.

Port of Tauranga special dividends

Council has decided that the use of special dividend proceeds from the Port of Tauranga (through Quayside Holdings Limited) will be considered on a case by case basis.

Reserves

Sometimes, Council plans to use surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves, and this is done through the Annual Report, Ten Year Plan, and Annual Plan processes.

Review of policy

In line with the Act, this Policy will be reviewed and open for public comment through a special consultative procedure no less than every three years.

Summary of Operating Funding Mix by Programme - 2012/13, Year One of the Ten Year Plan

Percentage of Funding Source for each Programme									
Group of Activities	Activity	#	Programme	General Rates		Targeted Rates	Fees & Charges and Other Revenue	Operating Grants and Subsidies	Reserves
				Value Based Rates	UAGC				
Regional Leadership	Governance and Accountability	1	Governance Services		100%				
		2	Organisational Planning and Reporting		100%				
	Strategic Policy	3	Statutory Policy, Strategies and Plans		100%				
		4	Non-Statutory Policy, Strategies, Plans and Initiatives		100%				
		5	Transport Planning		100%				
	Sustainable Communities	6	Recreation and Open Space		100%				
		7	Māori Engagement		100%				
		8	Communications		100%				
		9	Environmental Enhancement Fund		83%				17%
		10	Community Engagement		100%				
		11	Civil Defence Emergency Management	50%				50%	
Natural Environment	Sustainable Land Management	12	Sustainable Land Use Implementation	100%					
		13	Biodiversity	95%			5%		
		14	Biosecurity	88%				12%	
	Sustainable Water Management	15	Sustainable Water and Geothermal Implementation	90%			10%		
		16	Rotorua Lakes (Deed expenditure)	25%		25%		50%	
	Rotorua Lakes (non-Deed expenditure)		50%		50%				
	Sustainable Coastal Management	17	Sustainable Coastal Implementation	100%					
		18	Tauranga Harbour	100%					
		19	Maritime Operations		80%		20%		
	Sustainable Air Management	20	Rotorua Air Quality		75%	25%			
Resource Regulation	21	Consents	60%			40%			
	22	Pollution Prevention	60%			40%			

Percentage of Funding Source for each Programme									
Group of Activities	Activity	#	Programme	General Rates		Targeted Rates	Fees & Charges and Other Revenue	Operating Grants and Subsidies	Reserves
				Value Based Rates	UAGC				
	Regional Monitoring	23	NERMN	80%			20%		
Sustainable Development and Infrastructure	Sustainable Regional Development	24	Regional Infrastructure						100%
		25	Regional Economic Development	100%					
	Sustainable Transport	26a	Passenger Transport – Tauranga		14%	21%	30%	35%	
		26b	Passenger Transport – Rotorua		20%	30%		50%	
		26c	Passenger Transport – Rural and Mobility		35%		30%	35%	
Flood Protection and Control Works	Rivers, Drainage and Flood Management	27	Kaituna Catchment Control Scheme	20%		80%			
		28	Rangitaiki-Tarawera Rivers Scheme	20%		80%			
		29	Whakatane-Waimana Rivers Scheme	20%		80%			
		30	Waioeka-Otara Rivers Scheme	20%		80%			
		31	Rangitāiki Drainage Scheme			100%			
		32	Minor Rivers and Drainage Schemes	2%		98%			
		33	Engineering and Non-Scheme Activity	100%					

Based upon routine operating costs - percentages may vary across the ten years of this Plan.

Group of Activities - Regional Leadership

Activity - Governance and Accountability

1. Programme - Governance Services	The key functions of the Governance Services programme is to provide governance support and advice, councillor support and advice, assist Council to fulfil its transparent decision-making requirements. Essentially the role of elected members is to provide good governance over the functions and responsibilities that Bay of Plenty Regional Council must or may perform.
Link to Council Outcomes	Regional leadership through action, coordination, support and facilitation.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	Benefits are distributed evenly across the regional community. The elected members of Bay of Plenty Regional Council represent all members of the region's community.
Timeframe of benefits	The benefits are short-term in nature. Governance Services are provided on a continuous basis.
Individuals and groups creating demand for service	While lobby groups could be considered exacerbators, it is not practical to determine the extent to which these groups increase the cost of governance.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this even spreading of costs would be a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds – UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Governance and Accountability

2. Programme - Organisational Planning and Reporting	The key functions of the Organisational Planning and Reporting programme is the accountability cycle. This programme also identifies Council outcomes, and plans the delivery of those outcomes through the Ten Year Plan and subsequent Annual Plans.
Link to Council Outcomes	Regional leadership through action, coordination, support and facilitation.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	Benefits are distributed evenly across the regional community. All members of the regional community can access the same information and contribute to Council's strategic direction.
Timeframe of benefits	The benefits are short-term in nature. Organisational Planning and Reporting is provided on a continuous basis.
Individuals and groups creating demand for service	No identifiable exacerbator.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this even spreading of costs would be a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds – UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Strategic Policy

3. Programme - Statutory Policy, Strategies and Plans	The key functions of the Statutory Policy, Strategies and Plans programme are preparing statutory planning under the Resource Management Act 1991 and the Biosecurity Act 1993.
Link to Council Outcomes	We have established the region's environmental priorities and strategic direction.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	Benefits are distributed evenly across the regional community. All members of the regional community can access the same information and contribute to Council's strategic direction on resource management matters.
Timeframe of benefits	The benefits are short-term in nature. Council's statutory policy is regularly reviewed as new information comes to hand or when required by legislation.
Individuals and groups creating demand for service	Resource users can also be regarded as exacerbators as statutory policy (such as regional plans) is not necessary where natural resources are maintained in their natural state and not affected by human activities. However, resource users change over time, and all residents within the region can generally be regarded as resource users. It is more efficient for Council to carry out statutory policy across the region for the benefit of present and future resource users.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the programme's costs should be evenly distributed across the region's population. The funding tool that most closely approximates this even spreading of costs would be a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds – UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Strategic Policy

4. Programme - Non-Statutory Policy, Strategies, Plans and Initiatives	The Non-Statutory Policy, Strategies, Plans and Initiatives programme delivers policy advice across a range of Ten Year Plan activities and programmes.
Link to Council Outcomes	We have established the region's environmental priorities and strategic direction. We pool our resources and work with others to save money and make our work easier. We lead collaborative initiatives that have a regional sustainable development scope. We recognise and value engagement and partnerships with Maori.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	Benefits are distributed evenly across the regional community. All members of the regional community can access the same information and contribute to Council's strategic direction on resource management matters.
Timeframe of benefits	The benefits are short-term in nature. The Non-Statutory Policy, Strategies, Plans and Initiatives Programme is regularly reviewed as new information comes to hand.
Individuals and groups creating demand for service	No identifiable exacerbators.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this even spreading of costs would be a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds – UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Strategic Policy

5. Programme - Transport Planning	The Transport Planning programme works towards providing an efficient transport network.
Link to Council Outcomes	We have established the region's environmental priorities and strategic direction. The regional transport network is more efficient. We facilitate projects that boost our economic performance. We pool our resources and work with others to save money and make our work easier.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme provides benefits that are evenly distributed across the region. It plans for a safe, integrated, sustainable and responsive land transport system that provides benefits to all people (both residents and visitors). National benefits also arise because the benefits of transport planning in the Bay of Plenty are received by visiting land transport users from outside the region.
Timeframe of benefits	The benefits of are both short- and long-term in nature. The programme is provided on a continuous basis, with transport planning documents being regularly reviewed and updated. Cumulative benefits accrue over time as well-being increases due to improvements to the quality of land transport networks and services in the Bay of Plenty.
Individuals and groups creating demand for service	Business groups, industry, residents, visitors all expect a safe and efficient transport network.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds – UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

6. Programme - Recreation and Open Space	The Recreation and Open Space programme provides passive recreational opportunities at sites that have significant cultural and amenity values throughout the Bay of Plenty. We own and manage one regional park (the Papamoa Hills Regional Park), and also own the Onekawa Te Mawhai property at Ohiwa for future regional park development.
Link to Council Outcomes	We recognise and value engagement and partnerships with Māori. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme provides benefits across the region. Visitors to the region also benefit from being able to enjoy and use the regional parks.
Timeframe of benefits	The benefits of current expenditure are both short- and long-term in nature. Short-term benefits arise from the current park operation, and long-term benefits arise because assets are available for present and future generations.
Individuals and groups creating demand for service	The demand for this service is considered to be community-wide, with no one particular group or organisation creating the demand
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds - UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

7. Programme - Maori Engagement	Maori Engagement supports and works with Maori as part of the Councils commitment to engage with Maori, recognise the principles of the Treaty of Waitangi and to help foster the capacity of Maori to contribute to decision-making processes.
Link to Council Outcomes	We recognise and value engagement and partnerships with Maori.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The Maori Engagement programme benefits the regional community by ensuring that Maori are effectively engaged in the decision-making process and that our planning frameworks meet our statutory obligations.
Timeframe of benefits	The benefits are region-wide, both immediate and into the future. This programme is provided on a continuous basis.
Individuals and groups creating demand for service	Demand for this programme has come from Maori as they seek to be more actively involved in Council's decision-making processes.
Costs and benefits	<p>The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.</p> <p>There are no particular costs or benefits for separate funding of this programme. Each is separately reported and budgeted for reasons of transparency and accountability.</p>
Operating funding mix and rationale	<p>100 percent general funds - UAGC.</p> <p>Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.</p>
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

8. Programme - Communications	Communications provides information to the community on Council activities and areas of responsibility, encourages participation in democratic processes, seeks feedback on Council initiatives, and fosters behaviour change to improve community well-being.
Link to Council Outcomes	Regional leadership through action, coordination, support and facilitation.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The benefits of the programme are distributed evenly across the community. Communication is designed to reach all individuals in the region
Timeframe of benefits	The benefits are region wide, both immediate and into the future and the programmes are provided on a continuous basis
Individuals and groups creating demand for service	The demand for this programme is the result of the general community wanting to know about council processes and events. There is also a statutory obligation for Council to keep the community informed
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds - UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

9. Programme - Environmental Enhancement Fund	Environmental Enhancement Fund (EEF) aims to provide seed funding for community-driven projects in the Bay of Plenty that help to improve the environment; raise environmental awareness; and use the enthusiasm and skills of the community.
Link to Council Outcomes	We recognise and value engagement and partnerships with Maori. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The EEF programme benefits community groups, residents, schools and other stakeholders throughout the region.
Timeframe of benefits	Although projects are often completed within relatively short time-frames (typically within a 12 month cycle) with immediate benefits for the environment and community, there are often additional benefits to the environment and community as the project becomes more established as a result of the seed funding.
Individuals and groups creating demand for service	Individuals and community groups seeking funding and support for community projects have driven the demand for this programme.
Costs and benefits	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.
Operating funding mix and rationale	83 percent general funds - UAGC. 17 percent is funded through an EEF reserve. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

10. Programme - Community Engagement	Community Engagement provides support and advice within Council, and externally through specific programmes, to build awareness, involvement, engagement and education to help achieve the sustainable development of the region.
Link to Council Outcomes	We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme supports and advises staff within the Regional Council and works alongside the region's seven territorial authorities, the Sustainable Business Network, schools and Eastbay REAP. Businesses, community groups, schools and individuals from across the region all benefit from this programme.
Timeframe of benefits	The benefits of current expenditure are short-term in nature – current expenditure relates to current projects and education work. Although some projects take place over multiple years, funding is on a year-by-year basis, and is milestone-based. The programme is provided on a continuous basis.
Individuals and groups creating demand for service	The demand for this service is considered to be community-wide, with no one particular group or organisation creating the demand.
Costs and benefits for discrete funding	The evenly spread nature of the benefits from this programme across the region mean that the costs should be evenly distributed across the region's population. The funding tool that most closely approximates this is a UAGC on individual dwellings.
Operating funding mix and rationale	100 percent general funds - UAGC. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Regional Leadership

Activity - Sustainable Communities

11. Programme - Civil Defence Emergency Management	Civil Defence Emergency Management (CDEM) helps the community to prepare for, respond to and recover from extreme natural and physical events that can cause widespread damage and/or loss of life.
Link to Council Outcomes	We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users. We pool our resources and work with others to save money and make our work easier.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme provides benefits to all people and property owners in the region, as emergencies can occur anywhere in the region. It enables co-ordinated planning and response to regional civil defence emergencies, which can occur at any location at any time. There is also national benefit arising from protection of nationally significant infrastructure.
Timeframe of benefits	The benefits of current expenditure are short-term in nature. Civil Defence Emergency Management is provided on a continuous basis. The CDEM Group needs the ability to prepare for and respond to emergency events now and in the future.
Individuals and groups creating demand for service	The demand for this service is considered to be community-wide, with no one particular group or organisation creating the demand.
Costs and benefits	This programme provides benefits that are distributed evenly across the regional community. Regional Council funding of Civil Defence Emergency Management is a statutory requirement and is matched by territorial authorities in the region based on the CDEM Group Plan.
Operating funding mix and rationale	50 percent general funds - value based rate, 50 percent other public funding (Central Government and the region's Territorial Local Authorities). The benefits of this programme fall to both people and property. People are typically protected via the protection of property, and in some cases it is property alone that receives protection. Therefore, general rates on valuation basis are indicated as higher value properties stand to lose more in the event of a natural disaster.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Sustainable Land Management

12. Programme - Sustainable Land Use	The Sustainable Land Use (SLU) programme delivers operational actions on the ground to meet commitments made in the current Regional Policy Statement, the Regional Water and Land Plan and the Ten Year Plan to reduce the impacts of erosion and sedimentation, diffuse nutrient pollution and intensive land use in our harbours, rivers and streams, and on our soils.
Link to Council Outcomes	<p>We protect our land, air and water from pollution.</p> <p>The water quality of our lakes, coastal environment and iconic waterways is maintained or improving.</p> <p>We understand more about our environment, how to care for it and how to adapt to change.</p> <p>We harness our region's natural resources with care so they benefit us.</p> <p>We recognise and value engagement and partnerships with Maori.</p> <p>We support the community to be involved in our work and care of our natural environment.</p>
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides benefits to individual landowners, Maori, rural industry sectors and communities across the region. The wider community and future generations will get enhanced economic, environmental, social and cultural value from these improvements.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis and is being monitored and reviewed over time.
Individuals and groups creating demand for service	Past and present landowners have contributed to a need to improve land management practises. Current landowners require advice to sustainably manage land.
Costs and benefits	The advice provided to individual landowners provides public good arising from sustainable land management across the region. It would not be efficient to recover costs from individual beneficiaries as it may place Council in a position of liability for advice or discourage landowners from implementing the advice.
Operating funding mix and rationale	<p>The Sustainable Land Use 100 percent general funding - value based rate.</p> <p>Benefits accrue to the regional community from sustainable land use. Benefits to property indicates value-based rate.</p>
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Sustainable Land Management

13. Programme - Biodiversity	The Biodiversity programme supports the protection of indigenous biodiversity by landowners and the community with a focus on those sites of highest ecological and/or community value.
Link to Council Outcomes	We protect our land, air and water from pollution. The water quality of our lakes, coastal environment and iconic waterways is maintained or improving. We understand more about our environment, how to care for it and how to adapt to change. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme primarily benefits the wider regional community by ensuring representative examples of the region's indigenous biodiversity and those natural areas the regional community particularly value are protected. Some benefit accrues to individual landowners in that protection of these areas may enhance the market value of their land.
Timeframe of benefits	The benefits of the current expenditure, relating to current planning and delivery of protection work, are both short- and long-term in nature, with cumulative benefits accruing as environmental well-being improves over time. The activity is provided on a continuous basis with the Biodiversity Programme Standard Operating Procedures being implemented, monitored and reviewed as work progresses.
Individuals and groups creating demand for service	Past and present landowners have contributed to a need to improve land management practices. Current landowners require advice to protect biodiversity. Regulatory tools are used to control and mitigate the effects of potential exacerbators.
Costs and benefits	Council will apply user charges that reflect the individual landowners benefit from biodiversity work undertaken on their land.
Operating funding mix and rationale	Biodiversity 95 percent general funds; 5 percent user charges. Benefits accrue to the regional community from sustainable land use. The benefits to property indicates value-based rate. Note: The 5 percent nominated above is an average recovery of costs for the programmes. It does not constitute a target cost recovery but indicates an on-going average level of funding from user charges.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Sustainable Land Management

14. Programme - Biosecurity	The Biosecurity programme provides regional leadership in the management of biological threats to our environment, economy, heritage or health.
Link to Council Outcomes	We protect our land, air and water from pollution. The water quality of our lakes, coastal environment and iconic waterways is maintained or improving. We understand more about our environment, how to care for it and how to adapt to change. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme provides a mix of national, regional, local and individual/land owner benefits. National benefits arise from the prevention of pest spread to other regions. The regional benefit arises through protecting community values, including biodiversity. Landowners also obtain a private benefit through having threats to their production removed.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis and is monitored and reviewed over time. Cumulative benefits accrue as environmental well-being improves over time.
Individuals and groups creating demand for service	Past and present landowners have contributed to a need to improve land management practices. Current landowners require advice to effectively manage pests. Regulatory tools are used to control and mitigate the effects of potential exacerbators.
Costs and benefits	Initiatives that provide national benefits, Council will seek recovery from the Ministry of Agriculture and Forestry (MAF) and Biosecurity NZ on a cost recovery basis.
Operating funding mix and rationale	Biosecurity 88 percent general funds, 12 percent other public funding. Benefits accrue to the national and regional communities from sustainable land use. The benefits to property indicates value-based rate. Note: The 12 percent nominated above is an average recovery of costs for the programmes. It does not constitute a target cost recovery but indicates an on-going average level of funding from other public funding.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Sustainable Water Management

15. Programme - Sustainable Water and Geothermal Implementation	The Sustainable Water and Geothermal Implementation programme includes freshwater allocation; monitoring the effectiveness of water related policy; managing ecological, cultural and social values of the region's waterways; and managing geothermal resources.
Link to Council Outcomes	We protect our land, air and water from pollution. The water quality of our lakes, coastal environment and iconic waterways is maintained or improving. We understand more about our environment, how to care for it and how to adapt to change. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The benefits are region wide, both immediate and into the future. There is some private benefit to individual water and geothermal users.
Timeframe of benefits	The benefits are both short- and long-term in nature and the programme is provided on a continuous basis. Cumulative benefits also accrue as environmental well-being improves over time.
Individuals and groups creating demand for service	Exacerbators include those individuals or groups of individuals who build structures or act in ways that are incompatible with the sustainable management of our water resources. Examples include over-extraction from our water resources in periods of drought or discharges of contaminants that have more than minor adverse environmental effect.
Costs and benefits	While all residents of the region receive benefits from sustainable water management, resource users receive greater benefits than other land owners. Where possible beneficiaries and exacerbators of the work undertaken on the investigation and management of our water resources are recovered via section 36 RMA charges.
Operating funding mix and rationale	90 percent general funds; 10 percent user fees and charges. Council's aim is to ensure user fees and charges under Section 36 of the RMA are set to the level that maximises the recovery of actual and reasonable costs of the private good component of this activity. The 10 percent nominated above is an average recovery of costs for the whole programme. It is not a target but it indicates an on-going average level of funding from user fees and charges. Approximately 90 percent of the total programme cost is met by general funding. Value based rates are used to recover costs which as the deliver a public good, those which cannot be recovered for statutory reasons and other costs which cannot be recovered efficiently from private beneficiaries.

Capital funding mix and rationale	There are no significant capital costs that are specific to the above programme.
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Group of Activities - Natural Environment

Activity - Sustainable Water Management

16. Programme - Rotorua Lakes	The Rotorua Lakes Programme implements Council's restoration and protection programme for the 12 lakes in the Rotorua District.
Link to Council Outcomes	<p>We protect our land, air and water from pollution.</p> <p>The water quality of our lakes, coastal environment and iconic waterways is maintained or improving.</p> <p>We understand more about our environment, how to care for it and how to adapt to change.</p> <p>We pool our resources and work with others to save money and make our work easier.</p> <p>We support the community to be involved in our work and care of our natural environment.</p>
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	This programme provides a mix of national, regional, local and individual benefits. National benefits arise where a nationally significant water body is protected or restored. Regional benefits arise when a regionally significant water resource is protected or restored. Local and individual benefits arise for those who live near or adjacent to lakes protected or restored.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Long-term benefits arise from capital expenditure on physical works such as structures to restore the Rotorua lakes. Cumulative benefits also accrue as environmental well-being improves over time.
Individuals and groups creating demand for service	Exacerbators include a range of land uses (particularly the primary sector) and households with septic tanks. A significant component of exacerbation is historic land use, with some natural contributions from geothermal discharge. Regulatory controls are now in place to cap the current level of discharge from rural activities.
Costs and benefits	Since the programme provides benefits to a range of sectors described above, a combination of sources are required to fund the costs of services provided by the programme.
Operating funding mix and rationale	<p>50 percent of funding for deed expenditure comes from Central Government through the Ministry for the Environment under the Rotorua Lakes Deed.</p> <p>The remaining 50 percent, plus Council's costs outside the funding deed are to be funded as follows:</p> <ul style="list-style-type: none"> ▪ 50 percent general funding - value based rate; and 50 percent targeted rates from the Rotorua District (differentiated by land area). <p>This funding mix recognises the equal benefit of the Lakes programme to those in the Rotorua district (local and individual) and those outside (regional and national). At the same time it also recognises that while those within the district contribute</p>

	<p>more to the need for the programme, some of the adverse effects have been caused over many years in the past, or by geothermal influences.</p> <p>The Rotorua Lakes targeted rate model is based on land area differential applying fixed rates to each of two land area categories (0-10 hectares and greater than 10 hectares).</p>
Capital funding mix and rationale	<p>50 percent of funding comes from Central Government through the Ministry for the Environment under the Rotorua Lakes Deed. The remaining 50 percent plus non Deed programmes are funded through existing reserves. Future reserves are built up over time through the operating funding mix.</p>

Group of Activities - Natural Environment

Activity - Sustainable Coastal Management

17. Programme - Sustainable Coastal Implementation	The Sustainable Coastal Implementation programme includes Council's non-regulatory work, in partnership with other public organisations to encourage and support community initiatives to protect our harbours and coastline.
Link to Council Outcomes	We protect our land, air and water from pollution. The water quality of our lakes, coastal environment and iconic waterways is maintained or improving. We understand more about our environment, how to care for it and how to adapt to change. We support the community to be involved in our work and care of our natural environment.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The benefits are region-wide, both immediate and into the future. Those living on or near the coast may receive a greater level of benefit, as they can easily access coastal areas and protection of the coastal environment may have an indirect benefit to property values.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Cumulative benefits also accrue as environmental well-being improves over time.
Individuals and groups creating demand for service	Exacerbators include those individuals or groups of individuals who build structures or act in ways that are incompatible with the coastal environment. Examples include driving on or otherwise causing damage to dunes and coastal ecosystems, and building marinas and other structures that limit access to the coast.
Costs and benefits	The coastal environment is a public asset and programmes to manage it provide regional benefits. However, it is clear that those living on or near the coast receive a greater benefit from sustainable coastal management than those living inland.
Operating funding mix and rationale	100 percent general funding - value based rate. Funding via general rates based on land values (which are highest on the coast) provides the closest match between benefits and costs.
Capital funding mix and rationale	The capital work for the Kaituna River diversion in the Ongatoro/Maketu Estuary will provide protection long term. This work is funded through existing reserves. Future reserves are built up over time through the operating funding mix.

Group of Activities - Natural Environment

Activity - Sustainable Coastal Management

18. Programme - Tauranga Harbour	The Tauranga Harbour programme coordinates Council's management functions of Tauranga Harbour across sixteen other programmes, including facilitating research initiatives to expand the region's scientific knowledge base of coastal environments.
Link to Council Outcomes	<p>We protect our land, air and water from pollution.</p> <p>The water quality of our lakes, coastal environment and iconic waterways is maintained or improving.</p> <p>We understand more about our environment, how to care for it and how to adapt to change.</p> <p>We pool our resources and work with others to save money and make our work easier.</p> <p>We support the community to be involved in our work and care of our natural environment.</p>
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The benefits of the programme are distributed evenly across the community. Regional benefits arise from protection and restoration of the Harbour and the improved scientific knowledge of the coastal environment. Local benefits accrue to residents in the sub-region due to their immediate proximity and access to the Harbour.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Cumulative benefits also accrue as environmental well-being improves over time.
Individuals and groups creating demand for service	A wide range of community sectors drive the need for this activity, including people who interact with the water in the Harbour, and the landowners in the wider catchment that cause nutrients and contaminants to reach waterways that feed into the Harbour.
Costs and benefits	The coastal environment is a public asset and programmes to manage it provide regional benefits. However, it is clear that those living on or near the coast receive a greater benefit from sustainable coastal management than those living inland.
Operating funding mix and rationale	<p>100 percent general funding - value based rate.</p> <p>This means that funding via general rates based on land values (which are highest on the coast) provides the closest match between benefits and costs.</p>
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Sustainable Coastal Management

19. Programme - Maritime Operations	The Maritime Operations Programme manages navigation safety on the region's navigable waterways and regional responses to oil pollution incidents.
Link to Council Outcomes	We protect our land, air and water from pollution. We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides a mix of national, regional, local and individual benefits. National and regional benefits arise from minimising the likelihood of maritime accidents that have an impact on people and the natural environment, including oil pollution response. Local and individual benefits arise because navigation aids help commercial and recreational vessels to avoid accidents and the associated financial and personal costs.
Timeframe of benefits	The benefits are both short- and long-term in nature. The short-term initiatives are providing immediate mitigation and response to maritime incidents for the immediate benefit of the community. Long-term benefits include provision of designated areas (such as shipping channels, mooring areas, and recreational use) in Council's frameworks.
Individuals and groups creating demand for service	Individuals who carryout unsafe navigation safety practices are potential causes of accidents. The exacerbators of the marine oil pollution are those who use or transport petrochemical products in the marine environment. The programme is a necessary "insurance policy" against the possibility of oil spills.
Costs and benefits	To reflect the national and regional benefits for both people and the environment from ensuring the safe use of the region's navigable waterways, a regional contribution towards the costs of navigation safety is required. To reflect the individual and private privileges from mooring commercial operations, boat owners/operators pay a representative proportion of the costs of the programme. The most appropriate tools to recover these costs are fees and charges on owners and operators. The polluter of maritime oil incidents will meet the majority of the costs of Council's oil spill response.
Operating funding mix and rationale	80 percent general funds – UAGC based rate. 20 percent user fees and charges. Approximately 80 percent of the total programme cost is met by general funding – UAGC based rate. Benefits are evenly spread across the region's population. UAGC is the best available proxy for benefit to all people in the region.

	<p>User charging through mooring charges and Port levies are set to the level that fully recovers the actual and reasonable costs of the private good component of this programme.</p> <p>Note: The 20 percent nominated above is an average recovery of costs for the programmes. It does not constitute a target cost recovery but indicates an on-going average level of funding from user charges.</p>
<p>Capital funding mix and rationale</p>	<p>There are some capital costs associated with purchasing and maintaining maritime safety equipment to provide the services of the programme. Capital funded by depreciation is the most efficient funding method available, which is funded within the operating funding mix.</p>

Group of Activities - Natural Environment

Activity - Sustainable Air Management

20. Programme - Rotorua Air Quality	The Rotorua Air Quality programme involves the management, coordination and implementation of the Rotorua Air Quality Action Plan to ensure the emission reductions meet legislative requirements.
Link to Council Outcomes	We protect our land, air and water from pollution.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	A significant proportion of the benefits are distributed across the Rotorua community. There are also wider regional public benefits from the reduction in air pollution, particularly public health and regional amenity benefits for Rotorua as a domestic and international destination.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. The main period of benefit is the present to 2020 where there are no more than three exceedances of the air quality standard after 1 September 2016, and no more than one exceedance after 1 September 2020.
Individuals and groups creating demand for service	Exacerbators are predominantly homes with inefficient heating appliances, and to a lesser extent, air discharges from industry or business.
Costs and benefits	While the exacerbators can be identified, it is not practical to levy them directly based on their activities other than for the cost of resource consents, including monitoring compliance (these costs are part of the Regional Natural Environment Monitoring programme). There is a direct benefit to Rotorua residents but there is also a regional responsibility for air quality therefore Council has reduced the level of targeted rate to be paid by Rotorua residents.
Operating funding mix and rationale	75 percent general funding - UAGC, 25 percent uniform targeted rate to the Rotorua urban area. A uniform targeted rate (a fixed charge per property in the Rotorua urban area) is the best proxy for equal individual benefit across the area. 75 percent UAGC reflects wider benefits and a regional commitment to address significant problems wherever in the region these occur.
Capital funding mix and rationale	There are no significant capital costs that are specific to the above programme. Hot Swap loans are funded from reserves and recovered through a voluntary targeted rate for properties within the Rotorua Airshed area that have received a loan from Council under the Clean Heat Conversion programme.

Group of Activities - Natural Environment

Activity - Resource Regulation

21. Programme - Consents	The core part of this activity involves processing resource consent applications under the Resource Management Act 1991 and/or rules in Regional Plans. A growing part of the activity is the providing advice on the practical implementation of our regional plans, in particular permitted activities and government regulations, for example, water measurement.
Link to Council Outcomes	<p>We protect our land, air and water from pollution.</p> <p>The water quality of our lakes, coastal environment and iconic waterways is maintained or improving.</p> <p>We harness our region's natural resources with care so they benefit us.</p>
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	<p>Those who benefit most directly from this programme are the consent applicants who seek resource consent (a resource allocation). They pay a direct charge (actual and reasonable costs) for this service.</p> <p>This activity also benefits the whole Bay of Plenty region and ratepayers, now and in the future, through ensuring the allocation, development and use of the natural and physical resources in the region is sustainable.</p>
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. The duration of benefits for individuals is determined by the term of the consent issued. The long-term benefit is the sustainable management of scarce natural resources balancing competing demands for future generations.
Individuals and groups creating demand for service	Those individuals and businesses who undertake activities that require resource consents are exacerbators.
Costs and benefits	<p>Consent processing provides substantial benefits to consent holders. The benefits of separately funding these benefits through user fees and charges (Section 36 charges) exceed the costs.</p> <p>The remaining benefits from providing information and advice to the public about the consents process and rules in our plans are spread evenly across the regional community.</p>
Operating funding mix and rationale	<p>60 percent general funds – value based rate; 40 percent user fees and charges.</p> <p>Council's aim is to ensure user fees and charges under Section 36 of the RMA are set to the level that maximises recovery of actual and reasonable costs of the private good component of this activity. This currently equates to approximately 60</p>

	<p>percent user charges. This is an average recovery of costs for the whole programme. It does not constitute a target cost recovery but indicates an on-going average level of funding from fees and charges.</p> <p>The balance of costs after user charges (approximately 60 percent of the total programme cost) is met by general funding – value based rate. Value based rates are used to recover costs which deliver a public good, those which cannot be recovered for statutory reasons and other costs which cannot be recovered efficiently from private beneficiaries.</p>
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Natural Environment

Activity - Resource Regulation

22. Programme - Pollution Prevention	The Pollution Prevention programme includes monitoring and enforcing compliance with consents and regional plans; proactive pollution prevention; and managing contaminated land.
Link to Council Outcomes	We protect our land, air and water from pollution. The water quality of our lakes, coastal environment and iconic waterways is maintained or improving.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides a mix of national, regional, local and individual benefits. National and regional benefits arise from minimising the potential impact on people and the natural environment caused by contaminated land. Local and individual benefits arise because adjacent resource users.
Timeframe of benefits	The programme provides both immediate short-term benefits (for example, compliance monitoring and enforcement) and long-term benefits (for example, managing contaminated sites). The programme is provided on a continuous basis.
Individuals and groups creating demand for service	Identified exacerbators include consent holders for individuals, industries and businesses, and previous landowners who have contaminated land.
Costs and benefits	<p>Monitoring resource consent compliance is 100 percent cost recovered through Section 36 charges. If enforcement is required for a breach of a regional plan and a resource consent is not involved, costs may be recovered through infringement notices and prosecutions.</p> <p>The bulk of our response and proactive activities are not currently recovered although Council endorses the “polluter pays” principle.</p> <p>Costs for contaminated site investigation and management will be sought to be recovered through Central Governments contaminated land fund and/or directly with the landowner.</p> <p>The most cost-effective funding method is user charges. General funds will be used where costs cannot be recovered by other means.</p>
Operating funding mix and rationale	100 percent user fees and charges (where a responsible party can be identified and charged). The balance of funding will be from general funds (value based rate) where a responsible party cannot be identified or efficiently charged, or where there is public good activity.

	Pollution prevention costs that are a result of current consent holder or polluter activities are not subsidised from general funding. Council aims to recover 100 percent of private good or exacerbator driven costs.
Capital funding mix and rationale	50 percent of funding for managing contaminated sites comes from Central Government through grants. The remaining 50 percent is funded through existing reserves. Future reserves are built up over time through the operating funding mix.

Group of Activities - Natural Environment

Activity - Regional Monitoring

23. Programme - Natural Environment Regional Monitoring Network (NERMN)	The Natural Environment Regional Monitoring Network (NERMN) provides information on the current state of natural resources and identifies trends. This information is needed by Council to promote sustainable development in the Bay of Plenty.
Link to Council Outcomes	We understand more about our environment, how to care for it and how to adapt to change.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The benefits of the NERMN are distributed across the regional community, with landowners potentially receiving the largest benefit from the identification and monitoring of environmental issues. However, the monitoring of the state of and trends in the natural environment provide input to regional environmental management on behalf of all the region's residents.
Timeframe of benefits	The benefits of current expenditure are short-term in nature - current expenditure relates to current monitoring. The activity is provided on a continuous basis, based on the understanding that the value of the data, and the investment in collecting it, is enhanced as more data is collected.
Individuals and groups creating demand for service	Consent holders who hold consents to discharge contaminants or abstract resources are exacerbators. They also benefit from regional knowledge about the state or quality of resources.
Costs and benefits	Natural environment regional monitoring provides benefits specific to consent holders as well as the general public. The most effective funding method is therefore to fund a proportion of costs from consent holders (Section 36 RMA charges) and a proportion of costs from general rates.
Operating funding mix and rationale	80 percent general funds – value based rates; 20 percent user fees and charges. Council's aim is to ensure user fees and charges under Section 36 of the RMA are set to the level that maximises the recovery of actual and reasonable costs of the private good component of this activity. This currently equates to approximately 20 percent user charges. This is an average recovery of costs for the whole programme. It does not constitute a target cost recovery but indicates an ongoing average level of funding from fees and charges. The balance of costs after user charges (approximately 80 percent of the total programme cost) is met by general funding – value based rate. Value based rates are used to recover costs which deliver a public good, those which cannot be recovered for statutory reasons and other costs which cannot be recovered efficiently from private beneficiaries.
Capital funding mix and rationale	Capital is funded by depreciation which is funded by the user fees and charges.

Group of Activities - Sustainable Development and Infrastructure

Activity - Sustainable Regional Development

24(a). Programme – Passenger Transport –Tauranga and	The Urban Passenger Transport programme provides planning, contracting, part-funding and monitoring passenger transport services for urban passenger transport services in Tauranga and Rotorua.
24(b) Programme – Passenger Transport –Rotorua	
Link to Council Outcomes	The regional transport network is more efficient.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	<p>The programme provides a mix of national, regional, local and individual benefits. National and regional benefits arise because passenger transport services allow all people (both residents and visitors) to move from place to place through the efficient use of transport networks, and by reducing the economic and social costs of congestion.</p> <p>Local benefits from passenger transport services arise for those who live in close proximity to the services. Differential local benefits also arise depending on the level of service available in local communities.</p> <p>Private benefits accrue to those using passenger transport services, and these benefits are reflected in the fares charged to use the service.</p>
Timeframe of benefits	The benefits are both short- and long-term in nature. The services are provided on a continuous basis. Cumulative benefits accrue over time as modal shifts take place from private vehicles to passenger transport and as people travel more.
Individuals and groups creating demand for service	Increased population generally contribute to the need for additional passenger transport services. However, there are no identifiable exacerbating individuals or groups within this population.
Costs and benefits	A mix of rating tools is appropriate to recognise local benefits from access to and efficient networks resulting from regular passenger services. The services provide significant benefits to Tauranga residents; therefore a targeted rate is appropriate. Regional benefit from access to efficient networks resulting from regular passenger services is reflected by general funding. Private beneficiaries (in this instance passenger transport users) are charged directly.
Operating funding mix and rationale	<p>Tauranga Passenger Services: 35 percent Government funding, User fees approximately 30 percent, balance split: 14 percent general funding and 21 percent targeted rates.</p> <p>Rotorua Passenger Services: 50 percent Government funding, balance split: 20 percent general funding - UAGC and 30 percent targeted rates.</p>

	<p>Net of Government funding (approximately 50 percent), Council's funding approach is to optimise fare box receipts to maintain a workable balance of service utilisation and cost recovery, minimising the burden on rates. The remainder of Council's funding requirement is composed of 40 percent general funding – UAGC across the region and 60 percent targeted rate.</p> <p>UAGC reflects wider economic and social benefits to the region of managing transport demand in the major regional centres. As a significant component of the need for the services and direct benefits arise and fall in the Tauranga and Rotorua urban areas, a targeted rate is applied to reflect the level of service in each area.</p>
<p>Capital funding mix and rationale</p>	<p>Capital is funded by depreciation which is funded by the operating funding mix.</p>

Group of Activities - Sustainable Development and Infrastructure

Activity - Sustainable Transport

24(c). Programme – Passenger Transport – Rural Passenger Services, Total Mobility	The Rural Passenger service and Total Mobility aspects of the Passenger Transport programme provide passenger transport services in the region (outside of Tauranga and Rotorua urban areas), travel behaviour initiatives, stock truck effluent facilities, and the Total Mobility Scheme.
Link to Council Outcomes	The regional transport network is more efficient.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides a mix of national, regional, local and individual benefits. The national and regional benefit arise from improved mobility and efficient transport networks. Local benefit is uneven across the region, as some rural centres have higher levels of service. There is also individual benefit to users.
Timeframe of benefits	The benefits are both short- and long-term in nature. The activity is provided on a continuous basis. Cumulative benefits accrue over time as modal shifts take place from private vehicles to passenger transport and as people travel more.
Individuals and groups creating demand for service	There are no identifiable exacerbators beyond users charged through the fare box.
Costs and benefits	This programme provides different levels of benefit to communities across the region based on their level of service. However, it would be inefficient to identify the level of benefit and charge these groups directly. There is also significant benefit to all residents in the region from efficient use of the transport network and congestion reduction.
Operating funding mix and rationale	<p>Net of Government funding (approximately 35 percent) and user charges (30 percent), Council's funding is 35 percent general funding – UAGC.</p> <p>The regional contribution reflects the benefits to all Bay of Plenty residents from having a passenger transport service available between the region's urban areas. The available benefits from a basic level of passenger transport services throughout the region accrue to people rather than property, therefore the most appropriate funding tool is considered to be a UAGC on each property.</p>
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Sustainable Development and Infrastructure

Activity - Sustainable Regional Development

25. Programme - Regional Economic Development	The Regional Economic Development Programme provides leadership, facilitation and support across the region – for the purpose of economic development. The economic development strategy Bay of Connections forms the basis of the work we do.
Link to Council Outcomes	We harness our region's natural resources with care so they benefit us. We facilitate projects that boost our economic performance. We lead collaborative initiatives that have a regional sustainable development scope.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides benefits across the region by coordinating sustainable development actions at a regional scale. It also provides national benefits by increasing the Bay of Plenty's contribution to the national economy.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Cumulative benefits arise over time as economic well-being improves.
Individuals and groups creating demand for service	No identifiable exacerbator.
Costs and benefits	While it may be desirable for transparency reasons to fund the programme separately through an equal charge across the region, the size of the programme does not warrant separate funding.
Operating funding mix and rationale	100 percent general funding – value based rates. Value based rates are used as economic development in the region provides a benefit proportionate to existing wealth, where property value is used as a proxy for wealth.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Sustainable Development and Infrastructure

Activity - Sustainable Regional Development

26. Programme - Regional Infrastructure	The Regional Infrastructure Programme provides funding to third parties for regional infrastructure beyond what would otherwise occur. It covers direct funding of third party infrastructure and the contestable fund through an application process.
Link to Council Outcomes	We facilitate projects that boost our economic performance. We lead collaborative initiatives that have a regional sustainable development scope.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme has a regional focus by considering funding projects that are of high significance to the regional community. The assessment framework will ensure that infrastructure projects that will provide the greatest overall regional benefit are supported by the Fund.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Cumulative benefits arise over time as economic well-being improves.
Individuals and groups creating demand for service	No identifiable exacerbator.
Costs and benefits	Council's ability to fund Regional Infrastructure projects was created as a direct result of the \$200m received from Council's Quayside Holdings perpetual preferential share issues in 2008. Council has identified some of these funds to be used by the Regional Infrastructure Fund, with the remainder used for Bay of Plenty Regional Council infrastructure projects
Operating funding mix and rationale	100 percent investment funds. Although the Fund is for new infrastructure this is distributed as a grant or loan as it is not for Council's own requirements.
Capital funding mix and rationale	There are no significant capital costs.

Group of Activities - Flood Protection and Control Works

Activity - Rivers Drainage and Flood Management

27. Programme – Kaituna Catchment Control Scheme	The river scheme programmes provide comprehensive flood control in the management of flood-prone areas to protect people and property. Flood protection capital works and maintenance are key activities along with waterway level monitoring.
28. Programme – Rangitaiki-Tarawera Rivers Scheme	
29. Programme – Whakatane-Waimana Rivers Scheme	
30. Programme – Waioeka-Otara Rivers Scheme	
32(a). Programme – Minor Rivers Schemes	
Link to Council Outcomes	We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users. We harness our region's natural resources with care so they benefit us.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The river scheme programmes have public (local, regional and national) and private benefits. The private benefits accrue to individual land owners and occupiers through the protection of lives, livelihoods and property. Local benefits occur because a range of public facilities, infrastructure and services receive security from flooding. Private and local benefits account for the greatest proportion of benefit from the programme. Regional and national benefits arise because productive land, in flood prone areas provides an economic benefit through the multiplier effect to the wider region and nation.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis with the Asset Management Plan being implemented, monitored and reviewed over time. Long-term benefits arise from the on-going protection of land from anticipated future increases in flood events. Cumulative benefits also accrue as land management practises (for example, soil conservation and stream protection works) improve in the scheme catchment over time.
Individuals and groups creating demand for service	People whose actions or inaction cause damage to scheme works are exacerbators. Council has a regulator mechanism – the Floodway and Drainage Bylaw – to control these exacerbators. The land use practises of landowners that increase the amount of rainfall runoff into the catchment's network of waterways increase the required capacity of the schemes to cope with flood events.
Costs and benefits	A mix of funding tools is required to reflect the wide range of benefits that the schemes provide to different groups and individuals. The significant amount of activity-specific capital costs suggests a need for a mix of short- and long-term funding tools.

	<p>Those within a scheme who, in addition to their share of national and regional benefits, also receive local or individual benefits from the scheme should contribute additional funding to reflect those benefits. These local and individual benefits make up the vast proportion of the benefits from the scheme, and a targeted rate is therefore the best funding tool to recover the associated costs.</p> <p>The targeted rate based on where the land is situated within the scheme and land area within each rating unit would most accurately match the apportionment of benefits.</p>
Operating funding mix and rationale	<p>20 percent general funding – value based rate; 80 percent targeted rate to catchment: land area differential.</p> <p>Targeted rates recognise the private benefits to properties in the catchment. Targeted rates are struck on the basis of a given per hectare rate that has been calculated for each of a number of sub catchments. The general funding (value based rate) component reflects economic benefit from protection of productive property and infrastructure falling equally to people across the region.</p>
Capital funding mix and rationale	<p>The capital expenses provide long-term protection and are funded through existing reserves. Future reserves are built up over time through the operating funding mix.</p>

Group of Activities - Flood Protection and Control Works

Activity - Rivers Drainage and Flood Management

31. Programme - Rangitaiki Drainage Scheme	The Rangitaiki Drainage Scheme and minor drainage schemes provide drainage and pumping to low lying properties within scheme areas for flood protection.
32(b). Programme -Minor drainage schemes	
Link to Council Outcomes	We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users. We harness our region's natural resources with care so they benefit us.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programmes provide mostly private benefits. The benefits accrue to individual land owners and occupiers who are able to use the land for economic gain. Three of the minor schemes in the Opotiki area have a regional benefit in the protection of the transport network.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Long-term benefits arise from capital expenditure on capital works and restoration projects.
Individuals and groups creating demand for service	People whose actions or inaction cause damage to scheme works are exacerbators. Council has a regulator mechanism – the Floodway and Drainage Bylaw – to control these exacerbators. The land use practises of landowners that increase the amount of rainfall runoff into the catchment's network of waterways increase the required capacity of the schemes to cope with flood events.
Costs and benefits	Those within the scheme catchment receive most of the benefits from the scheme. These benefits are in the form of drained land for production. The targeted rate that would most accurately match the apportionment of benefits to those in the scheme catchment would be based on where the land is situated within the scheme and land area within each rating unit.
Operating funding mix and rationale	100 percent targeted rate for the Rangitaiki Drainage Scheme and the majority of minor drainage schemes (land area differential). The targeted rate land area differential reflects private benefits in proportion to property land area. Three of the minor schemes in the Opotiki area have 20 percent general funding – value based rate to recognise the regional benefit from protection of the transport network and 80 percent targeted funding to reflect private benefit. The overall funding split for all drainage programmes is approximately 98 percent targeted and two percent general funding.
Capital funding mix and rationale	Capital is funded by depreciation which is funded by the operating funding mix.

Group of Activities - Flood Protection and Control Works

Activity - Rivers Drainage and Flood Management

33. Programme - Engineering Advice and Non-Scheme Works	Engineering Advice and Non-Scheme Works provides specific engineering and technical advice to the region's rivers and drainage schemes and community development projects. The programme also provides non-scheme initiatives to support local flood management needs.
Link to Council Outcomes	We understand more about our environment, how to care for it and how to adapt to change. We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users. We harness our region's natural resources with care so they benefit us.
Revenue Policy on Operating and Capital Expenditure	
Who benefits?	The programme provides region-wide benefits by providing advice on integrated catchment management throughout the region.
Timeframe of benefits	The benefits are both short- and long-term in nature. The programme is provided on a continuous basis. Long-term benefits result from providing proactive flood management advice to scheme capital works, environmental restoration projects and community planning.
Individuals and groups creating demand for service	The impact of on-going and intensive land development is the most significant contributor to the need for the programme.
Costs and benefits	Integrated catchment management provides benefits across the region. The majority of the costs should be met by the region as a whole. Where specific advice is provided for private benefit of an individual or organisation, Council will seek to recover the portion of the cost that is a private benefit. Owners of high-value land have more to lose from poor catchment management than owners of low value land. The land value general rate is therefore an appropriate funding tool for this programme.
Operating funding mix and rationale	100 percent general funding – value based rate. Value basis is used to reflect the protection and preservation of property.
Capital funding mix and rationale	There are no significant capital costs.

Funding Impact Statement

Introduction

Bay of Plenty Regional Council has prepared this Funding Impact Statement in accordance with Clauses 5 and 15 Part 1 of Schedule 10 of the Local Government Act 2002.

The Funding Impact Statement is provided to show the funding sources, the indicative levels of funds and how they are to be applied in each year.

All 2012/13 rates tables are GST exclusive.

General rates

General rates based on land value

The general rate is set for all rateable land within the region and is calculated as a rate in the dollar of the rateable land value of each rating unit. The rate in the dollar is different according to the location of land within each territorial authority district or city. The differences are in accordance with a certificate of valuation changes supplied by Quotable Value NZ Limited.

General Rates		\$7,643,907
Land Value 2012/13		
Constituent Authority	Rates expressed as cents per dollars of rateable land value	
Kawerau	0.019169	
Ōpōtiki	0.022932	
Rotorua (Pt)	0.024283	
Taupō (Pt)	0.023069	
Tauranga	0.022826	
Western Bay of Plenty	0.024283	
Whakatāne	0.022272	

Offshore Islands	0.072333
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Uniform annual general charge

In addition, a Uniform Annual General Charge (UAGC) is set for all rateable land within the region. It is calculated as a fixed amount per rating unit (according to each territorial authority's interpretation of a separately rated unit, for the purposes of a UAGC).

Uniform Annual General Charge 2012/13	8,820,283
Fixed amount per rating unit	\$73.22

Major River and Drainage Scheme targeted rates

Kaituna Catchment Control Scheme targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land situated in the Kaituna Catchment Control Scheme within the Tauranga, Western Bay of Plenty and Rotorua constituent districts. This is categorised on the basis of where the land is situated and calculated on the area of land within each rating unit, and the available service provided.

Kaituna Catchment Control Scheme targeted rates 2012/13

Category	Proposed rate \$ per ha	Site component \$	Revenue sought
A1P	173.39	173.39	\$360,783
A2P	138.71	156.05	\$21,949
A3P	104.04	138.71	\$17,653
A4P	69.36	121.37	\$19,310

A1	138.71	130.04	\$86,481
A2	112.70	112.70	\$40,287
A3	86.70	112.70	\$40,997
A4	60.69	112.70	\$23,293
A5	52.02	112.70	\$41,028
A6	43.35	95.37	\$16,482
A7	31.21	86.70	\$16,661
A8	20.81	-	\$2,297
A9	6.94	-	\$599
A10	3.47	-	\$671
A11	1.73	-	\$366
B1	20.81	52.02	\$18,451
B2	15.61	43.35	\$5,729
B3	8.67	34.68	\$16,391
B4	5.20	26.01	\$26,266
B5	3.47	26.01	\$11,176
C1	5.20	26.01	\$5,480
C2	3.03	26.01	\$85,882
C3	2.08	26.01	\$24,688
C4	1.73	-	\$3,628
C6R	1.04	-	\$1,149
C8	0.69	17.34	\$6,153
C5	2.08	17.34	\$87,898
C6	1.21	13.87	\$13,417
C7	0.69	52.02	\$1,808
C9	0.52	13.87	\$3,392

R01	34.68	69.36	\$18,763
R02	-	52.02	\$56,335
R03	26.01	21.67	\$524,797
TP1	17.34	26.01	\$75,232
Total			\$1,675,492

Rangitāiki Tarawera Rivers Scheme targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land situated in the Rangitāiki–Tarawera Rivers Scheme catchment within the Whakatāne, Kawerau, Rotorua and Taupō constituent districts. This is categorised on the basis of where the land is situated and calculated on the area of land within each rating unit, and the available service provided.

Rangitāiki-Tarawera Rivers Scheme targeted rates 2012/13

Category	Proposed rate \$ per ha	Revenue sought
A1	82.58	\$662,768
A2	58.49	\$91,772
A3	44.73	\$81,537
A4	34.41	\$35,101
A5	29.25	\$195,881
A6	10.32	\$1,575
B1	51.61	\$109,582
B2	41.29	\$18,804
B3	30.97	\$24,935
B4	24.09	\$203,570
B5	17.20	\$27,577
B6	6.19	\$229

B7	4.82	\$883
C1	4.47	\$35,126
C2	3.10	\$160,370
C3	1.03	\$97,936
C4	0.69	\$42,716
C5	0.52	\$11,704
U1	2,632.19	\$96,139
U2	2,477.36	\$167,872
U3	447.30	\$12,024
U4	292.47	\$255,888
U5	206.45	\$21,032
Total		\$2,355,021

Whakatane-Waimana Rivers Scheme targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land situated in the Whakatāne-Waimana Rivers Scheme catchment within the Whakatāne constituent district. This is categorised on the basis of where the land is situated and calculated on the area of land within each rating unit, and the available service provided.

Whakatane-Waimana Rivers Scheme targeted rates 2012/13

Category	Proposed rate \$ per ha	Site component \$	Revenue sought
A1	128.31	128.31	\$96,565
A2	108.57	108.57	\$43,494
A3	88.83	93.77	\$141,841
A4	74.03	83.90	\$228,823

A5	54.29	-	\$13,096
A6	39.48	69.09	\$17,402
A7	29.61	59.22	\$22,400
A8	19.74	54.29	\$47,097
A9	9.87	-	\$1,275
B1	44.42	-	\$98,326
B2	24.68	44.42	\$68,731
B3	19.74	29.61	\$36,330
B4	14.81	24.68	\$6,677
B5	1.97	-	\$884
C1	5.92	49.35	\$25,996
C2	3.95	19.74	\$39,762
C3	2.96	19.74	\$27,988
C4	1.97	4.94	\$4,630
C5	0.99	4.94	\$23,566
U1	444.16	133.25	\$354,091
U2	325.72	103.64	\$100,585
U3	172.73	69.09	\$161,473
U4	108.57	59.22	\$74,847
U5	9.87	-	\$7
Total			\$1,635,884

Waioeka-Otara Rivers Scheme targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land situated in the Waioeka-Otara Rivers Scheme catchment within the Ōpōtiki constituent district. This is categorised on the basis of where the land is situated

and calculated on the area of land within each rating unit, and the available service.

Waioeka-Otara Rivers Scheme targeted rates 2012/13

Category	Proposed rate \$ per ha	Site component \$	Revenue sought
A1A	223.24	257.58	\$13,280
A2	120.21	188.89	\$16,131
A2A	171.72	214.65	\$7,759
A3	103.03	154.55	\$77,625
A3A	137.38	188.89	\$4,361
A4	85.86	120.21	\$46,528
A4A	111.62	154.55	\$2,606
A5	77.27	120.21	\$35,908
A6	60.10	120.21	\$547
A7	51.52	120.21	\$6,208
A8	42.93	120.21	\$56,102
B1	34.34	-	\$9,267
B2	5.15	-	\$88
C1	8.59	103.03	\$25,593
C2	5.15	103.03	\$9,374
C3	3.43	85.86	\$8,369
C4	2.58	34.34	\$12,443
C5	1.72	34.34	\$1,906
C6	0.69	34.34	\$6,253
R	1.72	-	\$163
U1A C	1,030.33	755.58	\$28,743

U1AR	515.17	377.79	\$43,041
U1C	824.26	618.20	\$93,582
U1R	412.13	309.10	\$256,173
U2AC	755.58	549.51	\$10,064
U2AR	377.79	274.75	\$31,456
U2C	549.51	480.82	\$6,222
U2R	274.75	240.41	\$73,914
U3R	68.69	137.38	\$56,434
Total			\$940,141

Rangitaiki Drainage targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land in the defined Rangitāiki Drainage Rating Area situated on the Rangitāiki Plains within the Whakatāne constituent district. This is categorised on the basis of where the land is situated and calculated on the area of land within each rating unit, and the available service provided.

Rangitaiki Drainage targeted rates 2012/13

Category	Proposed rate \$ per ha	Revenue sought
A	43.76	\$339,375
B	39.39	\$44,402
C	36.76	\$50,716
D	31.95	\$197,028
E	26.26	\$69,411
F	19.69	\$47,603
G	14.88	\$56,906
H	10.94	\$1,258

I	5.25	\$3,674
U1	87.52	\$19,197
U2	43.76	\$2,694
Total		\$832,265

Passenger Transport targeted rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 on a fixed charge per rating unit on all rateable properties within the boundaries of Tauranga City, and on a fixed charge per rating unit on all rateable properties within the boundaries of urban Rotorua.

Passenger Transport targeted rate 2012/13		
Category	Rate \$ per rating Unit	Revenue sought
Tauranga City	\$43.04	\$2,204,259
Rotorua Urban	\$30.71	\$668,337

Rotorua Lakes Programme Targeted Rates

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating Act) 2002 for all rateable properties over the whole area of land of Rotorua District within the Bay of Plenty Regional Council region.

Rotorua Lakes Programme targeted rates 2012/13		
Category - All Properties	Rate \$ per rating Unit	Revenue sought
0 - 1.9999ha	\$63.40	\$1,592,439
2 - 9.9999ha	\$133.62	\$93,531
10ha and over	\$413.77	\$329,776

Total		\$2,015,746
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Rotorua Air Action Plan Implementation targeted rate

A targeted rate is set uniformly in accordance with Sections 16 and 18 of the Local Government (Rating) Act 2002 on a fixed rate per rating unit for all rateable properties within the boundaries of urban Rotorua.

Rotorua Air Action Plan Implementation targeted rate 2012/13		
Category	Rate \$ per rating unit	Revenue sought
Rotorua Urban	\$17.38	\$378,146

Rotorua Air - Clean Heat Conversions targeted rate

A targeted rate is set differentially in accordance with Sections 16, 17 and 18 of the Local Government (Rating) Act 2002 for rateable properties within the Rotorua Airshed Area that have received a loan from Council under the Clean Heat Conversion programme. Clean Heat categories represent annual loan repayments for 2012/13.

Minor Rivers and Drainage Schemes targeted differential rates

Council sets and collects rates from three minor rivers and drainage schemes situated in the Ōpōtiki area, and from 34 minor communally pumped drainage schemes situated on the Rangitāiki plains.

Targeted rates are set differentially in accordance with Sections 16, 17, 18 and 146(1)(a) and (b) of the Local Government (Rating) Act 2002 for all rateable land situated in the defined communal pumped drainage and defined minor rivers and drainage schemes. It is categorised on the basis of where the land

is situated and calculated on the area of land within each rating unit, and the available service provided.

Ōpōtiki

The following tables detail rate requirements for the three Ōpōtiki-based minor rivers and drainage schemes.

Waiootahi River District targeted rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	44.71	\$4,856
B	35.77	\$5,816
C	26.83	\$5,129
D	14.90	\$915
E	8.94	\$679
F	4.47	\$843
Total		\$18,238

Huntress Creek Drainage District targeted rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	21.87	\$4,606
B	16.76	\$1,304
C	10.93	\$794
D	7.29	\$382
E	5.10	\$235
F	2.19	\$705
Total		\$8,025

Waiootahi Drainage District targeted rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	24.12	\$2,060
B	20.10	\$4,178
C	16.08	\$1,015
D	12.06	\$542
E	8.04	\$34
F	4.02	\$925
Total		\$8,754

Rangitāiki Plains

The following tables detail rate requirements for six of the 34 Rangitāiki Plains-based minor communally pumped drainage schemes where differential targeted rates apply.

Omeheu West Communal Pumped Drainage Scheme targeted rate 2012/13

Category	Proposed rates \$ per hectare	Revenue Sought
A	92.11	3,219.70
B	81.88	1,391.44
C	20.47	871.52
Total		\$5,483

Awaiti West Pumped Drainage Scheme targeted rate 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	239.04	\$3,012
B	109.96	\$16,185
C	47.81	\$9,435

D	23.90	\$1,154
Total		\$29,786

Withy Communal Pumped Drainage Scheme targeted rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	99.91	\$6,590
B	59.95	\$2,790
C	19.98	\$873
Total		\$10,254

Omeheue Adjunct Communal Pumped Drainage Scheme targeted rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
A	65.95	\$678
B	49.47	\$4,011
C	36.27	\$2,034
D	19.79	\$1,728
E	9.89	\$536
F	3.30	\$77
URBAN	174.78	\$7,515
Total		\$16,580

Lawrence Communal Pumped Drainage Scheme rates 2012/13

Category	Proposed rates \$ per hectare	Revenue Sought
A	210.34	5,932
B	168.27	774

C	105.17	745
D	52.59	760
Total		\$8,211

Murray's Communal Pumped Drainage Scheme rates 2012/13

Category	Proposed rates \$ per hectare	Revenue Sought
A	60.26	\$7,495
B	43.39	\$514
C	38.57	\$1,575
D	16.87	\$669
Total		\$10,254

Minor Drainage Schemes Targeted Rates

The following tables detail rate requirements for 28 of the 34 Rangitāiki plains-based minor communally pumped drainage schemes where differential targeted rates apply.

Minor Drainage Schemes targeted uniform rates 2012/13

Category	Proposed rates \$ per ha	Revenue sought
Angle Road	27.08	\$6,214
Awakeri	33.40	\$9,535
Baird-Miller	45.87	\$6,313
Foubister	43.71	\$4,586
Gordon	102.76	\$10,109
Greigs Road	36.85	\$26,583
Halls	45.61	\$11,044
Hyland-Ballie	76.24	\$17,964

Riverslea Road	109.77	\$3,993
Kuhanui	84.52	\$7,011
Longview-Richlands	71.85	\$8,329
Luxton	46.56	\$10,188
Martin	51.65	\$6,287
Massey	45.62	\$19,440
Mexted-Withy	37.18	\$10,346
Nicholas	26.17	\$7,638
Noord-Vierboon	52.04	\$6,082
Omeheu East	30.48	\$12,560
Pedersen - Topp	41.27	\$4,718
Platts	41.43	\$15,262
Reynolds	75.36	\$9,700

Robins Road	71.43	\$13,351
Robinsons	38.23	\$2,807
Thompson-Ernest	36.42	\$19,763
Travurzas	35.64	\$7,058
Wylids	54.38	\$10,214
Poplar Lane	93.51	\$5,259
Awaiti East	86.70	\$11,835
Total		\$284,189

Lump Sum Contributions

Subject to Clause 13 Part 2 of Schedule 10 of the Local Government Act 2002, Council advises that it will not be inviting lump sum contributions in respect of any Rivers or Drainage or Rotorua Air– Clean Heat Conversion targeted rate.

Council Summary Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
13,742	General rates, uniform annual general charges, rates penalties	16,464	17,868	19,408	21,039	22,829	24,530	26,365	28,349	30,482	32,783
12,400	Targeted rates (other than a targeted rate for water supply)	14,197	16,858	19,720	21,687	22,434	23,652	24,918	26,069	27,013	27,411
14,575	Subsidies and grants for operating purposes	22,945	9,217	9,994	10,781	12,536	10,998	11,241	15,316	9,510	9,864
6,679	Fees, charges and targeted rates for water supply	7,022	7,670	9,021	10,691	11,347	12,431	13,805	14,495	15,077	15,665
27,325	Interest and dividends from investments	24,942	27,747	29,276	27,995	28,122	26,906	26,971	28,021	28,489	29,897
2,037	Local authorities fuel tax, fines, infringement fees and other receipts	2,269	2,346	2,417	2,496	2,294	1,997	2,129	2,255	2,339	2,411
76,757	Total operating funding	87,840	81,705	89,834	94,689	99,561	100,515	105,428	114,506	112,910	118,031
Applications of operating funding											
79,082	Payments to staff and suppliers	88,467	78,660	83,984	89,810	96,832	94,997	98,660	109,866	101,081	109,984
0	Finance costs	0	0	0	0	0	0	0	0	0	0
11	Other operating funding applications	352	428	504	580	656	656	656	656	656	656
79,093	Total applications of operating funding	88,819	79,088	84,488	90,390	97,488	95,653	99,316	110,522	101,737	110,640
(2,336)	Surplus (deficit) of operating funding	(980)	2,617	5,347	4,299	2,073	4,862	6,113	3,984	11,173	7,391

Annual Plan 2012 \$000		2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
Sources of capital funding											
981	Subsidies and grants for capital expenditure	1,158	627	250	2,500	2,500	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
1,785	Gross proceeds from sale of assets	460	307	450	578	585	384	305	718	721	303
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
2,766	Total sources of capital funding	1,617	934	700	3,078	3,085	384	305	718	721	303
Applications of capital funding											
Capital expenditure											
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
10,291	- to improve levels of service	14,759	7,899	8,045	12,646	17,426	7,510	3,573	5,754	3,447	2,413
6,197	- to replace existing assets	5,994	7,311	8,277	6,798	6,200	5,685	6,344	7,051	7,444	5,238
(5,424)	Increase (decrease) in reserves	(21,071)	(12,996)	(11,993)	(13,693)	(20,193)	(9,807)	(5,500)	(10,258)	(1,280)	(1,942)
(10,633)	Increase (decrease) in investments	956	1,337	1,716	1,626	1,724	1,857	2,001	2,155	2,283	1,985
430	Total applications of capital funding	637	3,551	6,046	7,377	5,158	5,246	6,418	4,702	11,894	7,693
2,336	Surplus (deficit) of capital funding	980	(2,617)	(5,347)	(4,299)	(2,073)	(4,862)	(6,113)	(3,984)	(11,173)	(7,391)
0	Funding balance	0	0	0	0	0	0	0	0	0	0
Note: This financial statement excludes:											
4,998	Depreciation and amortisation	5,436	5,966	6,605	7,181	8,042	8,747	9,017	9,316	9,376	9,483
(2,100)	Vested asset revenue	0	0	0	0	0	0	0	0	0	0
2,100	Capital expenditure classified as vested assets	0	0	0	0	0	0	0	0	0	0

Regional Leadership Group of Activities Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
5,838	General rates, uniform annual general charges, rates penalties	6,860	7,062	7,497	7,784	8,515	8,992	9,326	10,172	11,025	11,714
0	Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0
423	Subsidies and grants for operating purposes	477	494	510	526	544	562	581	603	626	651
0	Fees, charges and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0
7,968	Internal charges and overheads recovered	10,011	10,385	10,735	11,098	11,468	11,774	12,253	12,695	13,177	13,685
9,756	Local authorities fuel tax, fines, infringement fees and other receipts	11,305	12,256	13,162	12,474	13,033	12,599	12,168	12,748	13,020	13,208
23,985	Total operating funding	28,653	30,198	31,903	31,883	33,560	33,927	34,329	36,217	37,849	39,258
Applications of operating funding											
12,087	Payments to staff and suppliers	12,762	13,358	13,752	13,849	14,000	14,232	14,307	14,995	15,527	15,818
(1)	Finance costs	0	0	0	0	0	0	0	0	0	0
14,839	Internal charges and overheads applied	16,361	17,176	17,967	18,389	19,584	20,435	20,674	21,660	22,520	23,072
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
26,925	Total applications of operating funding	29,123	30,534	31,719	32,237	33,584	34,667	34,982	36,654	38,046	38,891
(2,940)	Surplus (deficit) of operating funding	(470)	(336)	185	(354)	(24)	(740)	(653)	(437)	(197)	368

Annual Plan 2012 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
Sources of capital funding										
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	10	11	11	11	12	12	13	13	14	14
(2,940)	(480)	(347)	174	(365)	(36)	(752)	(666)	(450)	(211)	354
0	0	0	0	0	0	0	0	0	0	0
(2,940)	(470)	(336)	185	(354)	(24)	(740)	(653)	(437)	(197)	368
2,940	470	336	(185)	354	24	740	653	437	197	(368)
0	0	(0)	(0)	0	0	0	0	(0)	(0)	(0)
Note: This financial statement excludes:										
11	18	21	23	25	27	29	29	30	30	30

Natural Environment Group of Activities Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
6,453	General rates, uniform annual general charges, rates penalties	7,141	8,128	8,751	9,818	10,480	11,441	12,437	13,203	14,049	15,168
3,236	Targeted rates (other than a targeted rate for water supply)	3,486	4,577	5,506	6,663	6,359	6,874	7,041	7,324	7,436	7,022
8,200	Subsidies and grants for operating purposes	16,764	2,716	3,219	3,756	5,034	3,007	2,510	6,263	107	110
3,977	Fees, charges and targeted rates for water supply	3,987	4,221	4,356	4,498	4,652	4,803	4,967	5,150	5,350	5,559
12,855	Internal charges and overheads recovered	11,513	12,035	12,405	12,756	13,232	13,687	14,091	14,633	15,187	15,781
11,850	Local authorities fuel tax, fines, infringement fees and other receipts	12,177	14,507	15,693	16,085	16,467	16,552	16,816	17,212	17,284	17,797
46,571	Total operating funding	55,068	46,184	49,928	53,576	56,224	56,364	57,862	63,785	59,413	61,437
Applications of operating funding											
24,557	Payments to staff and suppliers	33,746	23,659	24,855	27,638	29,186	27,085	26,782	34,892	23,303	24,085
1,094	Finance costs	864	1,310	1,976	2,574	3,284	3,780	3,897	3,944	3,877	3,572
22,320	Internal charges and overheads applied	20,046	20,955	21,792	22,777	23,876	24,852	25,610	26,417	27,371	28,570
11	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
47,982	Total applications of operating funding	54,656	45,924	48,622	52,989	56,345	55,717	56,289	65,253	54,551	56,226
(1,411)	Surplus (deficit) of operating funding	412	260	1,306	588	(121)	647	1,572	(1,468)	4,862	5,211

Annual Plan 2012	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of capital funding										
0	250	0	250	2,500	2,500	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
3,463	3,940	3,573	3,211	(1,626)	(1,724)	(1,857)	(2,001)	(2,155)	(2,283)	(1,985)
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
3,463	4,190	3,573	3,461	874	776	(1,857)	(2,001)	(2,155)	(2,283)	(1,985)
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
0	3,500	322	3,159	7,288	10,916	5,498	0	0	0	0
0	322	333	277	286	331	305	392	327	381	353
(1,948)	(3,819)	(1,422)	(3,269)	(6,112)	(10,593)	(7,013)	(820)	(3,951)	2,198	2,872
4,000	4,600	4,600	4,600	0	0	0	0	0	0	0
2,052	4,603	3,833	4,767	1,462	654	(1,210)	(428)	(3,623)	2,579	3,225
1,411	(412)	(260)	(1,306)	(588)	121	(647)	(1,572)	1,468	(4,862)	(5,211)
0	(0)	0	(0)	0	0	(0)	0	0	(0)	0
Note: This financial statement excludes:										
422	559	614	688	894	1,239	1,596	1,738	1,878	1,759	1,771

Sustainable Development and Infrastructure Group of Activities Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
709	General rates, uniform annual general charges, rates penalties	1,277	1,402	1,715	1,866	2,139	2,316	2,699	2,937	3,184	3,446
3,198	Targeted rates (other than a targeted rate for water supply)	2,873	3,551	4,542	4,772	5,394	5,763	6,671	7,108	7,403	7,665
5,952	Subsidies and grants for operating purposes	5,705	6,006	6,265	6,498	6,957	7,429	8,150	8,450	8,777	9,103
2,457	Fees, charges and targeted rates for water supply	2,921	3,331	4,543	6,067	6,564	7,494	8,698	9,201	9,577	9,951
1,319	Internal charges and overheads recovered	1,366	1,546	1,567	1,624	1,660	1,769	1,740	1,800	1,871	1,942
1,978	Local authorities fuel tax, fines, infringement fees and other receipts	2,122	2,449	3,015	3,001	3,283	3,253	3,523	3,684	3,763	3,887
15,612	Total operating funding	16,263	18,285	21,647	23,829	25,998	28,024	31,481	33,181	34,575	35,994
Applications of operating funding											
22,723	Payments to staff and suppliers	21,304	20,329	23,371	25,682	27,588	29,686	33,252	34,818	36,165	37,503
1	Finance costs	0	0	0	0	0	0	0	0	0	0
1,643	Internal charges and overheads applied	1,714	1,883	1,969	2,048	2,161	2,282	2,414	2,412	2,497	2,586
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
24,367	Total applications of operating funding	23,018	22,212	25,339	27,731	29,749	31,968	35,666	37,231	38,662	40,089
(8,755)	Surplus (deficit) of operating funding	(6,755)	(3,927)	(3,692)	(3,902)	(3,750)	(3,944)	(4,184)	(4,050)	(4,087)	(4,095)

Annual Plan 2012 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
Sources of capital funding										
15	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
30	52	590	0	0	0	0	0	0	0	0
0	52	268	554	0	71	0	76	0	82	0
(8,765)	(6,858)	(4,786)	(4,246)	(3,902)	(3,821)	(3,944)	(4,260)	(4,050)	(4,168)	(4,095)
0	0	0	0	0	0	0	0	0	0	0
(8,735)	(6,755)	(3,927)	(3,692)	(3,902)	(3,750)	(3,944)	(4,184)	(4,050)	(4,087)	(4,095)
8,755	6,755	3,927	3,692	3,902	3,750	3,944	4,184	4,050	4,087	4,095
0	0	0	(0)	0	0	(0)	0	0	(0)	(0)
Note: This financial statement excludes:										
13	70	166	256	311	313	307	218	140	38	39

Flood Protection and Control Works Group of Activities Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
1,059	General rates, uniform annual general charges, rates penalties	1,339	1,456	1,638	1,776	1,913	2,015	2,149	2,294	2,491	2,733
5,966	Targeted rates (other than a targeted rate for water supply)	7,839	8,731	9,672	10,252	10,680	11,015	11,206	11,637	12,173	12,724
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
245	Fees, charges and targeted rates for water supply	114	118	122	126	130	134	139	144	150	156
4,825	Internal charges and overheads recovered	5,355	5,301	5,449	5,472	5,725	5,913	6,145	6,331	6,548	6,803
1,785	Local authorities fuel tax, fines, infringement fees and other receipts	2,268	2,614	3,012	3,043	3,187	2,982	3,013	3,141	3,267	3,467
13,880	Total operating funding	16,915	18,220	19,892	20,668	21,636	22,059	22,651	23,546	24,629	25,883
Applications of operating funding											
4,883	Payments to staff and suppliers	5,741	5,811	5,978	6,085	8,924	6,460	6,653	6,872	7,110	12,677
1,270	Finance costs	1,183	1,684	2,325	2,658	2,817	2,699	2,584	2,661	2,777	2,707
6,925	Internal charges and overheads applied	7,817	8,093	8,458	8,673	9,146	9,568	9,814	10,072	10,411	10,939
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
13,079	Total applications of operating funding	14,741	15,588	16,762	17,415	20,886	18,728	19,050	19,606	20,298	26,324
801	Surplus (deficit) of operating funding	2,174	2,632	3,130	3,253	750	3,331	3,601	3,940	4,331	(440)

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of capital funding											
966	Subsidies and grants for capital expenditure	908	627	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
6,822	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
7,788	Total sources of capital funding	908	627	0	0	0	0	0	0	0	0
Applications of capital funding											
Capital expenditure											
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
5,710	- to improve levels of service	8,835	4,926	3,126	0	0	0	1,308	3,554	1,294	0
3,299	- to replace existing assets	1,560	3,319	3,509	2,275	1,665	1,383	624	2,004	2,148	1,113
(420)	Increase (decrease) in reserves	(7,314)	(4,986)	(3,505)	978	(915)	1,948	1,669	(1,618)	889	(1,553)
0	Increase (decrease) in investments	0	0	0	0	0	0	0	0	0	0
8,589	Total applications of capital funding	3,081	3,259	3,130	3,253	750	3,331	3,601	3,940	4,331	(440)
(801)	Surplus (deficit) of capital funding	(2,174)	(2,632)	(3,130)	(3,253)	(750)	(3,331)	(3,601)	(3,940)	(4,331)	440
0	Funding balance	0	(0)	0	0	(0)	0	0	0	(0)	(0)
Note: This financial statement excludes:											
693	Depreciation and amortisation	1,129	1,177	1,221	1,236	1,243	1,248	1,255	1,269	1,286	1,295
(2,100)	Vested asset revenue	0	0	0	0	0	0	0	0	0	0
2,100	Capital expenditure classified as vested assets	0	0	0	0	0	0	0	0	0	0

Corporate Services Group of Activities Funding Impact Statement

Annual Plan 2012		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
(316)	General rates, uniform annual general charges, rates penalties	(153)	(180)	(193)	(205)	(218)	(234)	(246)	(257)	(267)	(279)
0	Targeted rates (other than a targeted rate for water supply)	0	0	0	0	0	0	0	0	0	0
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
0	Fees, charges and targeted rates for water supply	0	0	0	0	0	0	0	0	0	0
34,238	Internal charges and overheads recovered	29,929	31,289	32,811	34,454	36,499	38,224	39,303	40,401	41,821	43,632
7,097	Local authorities fuel tax, fines, infringement fees and other receipts	1,553	1,626	1,745	1,918	1,680	1,162	1,267	1,347	1,445	1,572
41,019	Total operating funding	31,328	32,735	34,364	36,166	37,961	39,152	40,324	41,491	42,999	44,926
Applications of operating funding											
15,483	Payments to staff and suppliers	16,794	17,291	17,825	18,532	19,153	19,568	19,836	20,463	21,201	22,106
740	Finance costs	167	366	633	798	1,134	1,164	1,206	1,250	1,296	1,344
14,828	Internal charges and overheads applied	10,709	11,089	11,488	12,121	12,455	12,852	13,505	13,779	14,238	15,128
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
31,051	Total applications of operating funding	27,670	28,747	29,947	31,452	32,742	33,584	34,547	35,492	36,735	38,578
9,968	Surplus (deficit) of operating funding	3,659	3,988	4,417	4,714	5,219	5,567	5,777	5,999	6,264	6,348

Annual Plan 2012	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of capital funding										
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
4,343	(296)	(310)	(327)	0	0	0	0	0	0	0
1,785	460	307	450	578	585	384	305	718	721	303
0	0	0	0	0	0	0	0	0	0	0
6,128	164	(3)	123	578	585	384	305	718	721	303
Total sources of capital funding										
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
4,550	2,373	2,061	1,760	5,359	6,510	2,013	2,265	2,200	2,153	2,413
2,897	4,049	3,379	3,926	4,226	4,121	3,984	5,240	4,706	4,820	3,757
8,648	(2,599)	(1,455)	(1,146)	(4,292)	(4,827)	(46)	(1,423)	(189)	12	480
0	0	0	0	0	0	0	0	0	0	0
16,096	3,823	3,985	4,540	5,292	5,804	5,952	6,082	6,717	6,985	6,650
Total applications of capital funding										
(9,968)	(3,659)	(3,988)	(4,417)	(4,714)	(5,219)	(5,567)	(5,777)	(5,999)	(6,264)	(6,348)
Surplus (deficit) of capital funding										
0	0	0	(0)	0	0	0	(0)	0	0	0
Funding balance										
Note: This financial statement excludes:										
3,859	3,659	3,988	4,417	4,714	5,219	5,567	5,777	5,999	6,264	6,348
Depreciation and amortisation										

Statement of Proposal on Reviewed Policy on Remission and Postponement of Rates

Introduction

In June 2011 Council last adopted its policy on remitting and postponing rates. Regional Council rates are collected by the territorial authorities of the Bay of Plenty and Council has aligned its rates postponement and remission policy with the policies of the collecting agents (the territorial authorities). This is seen as best practice by the Office of the Auditor-General. Essentially Council's policy matches the approach being used by each territorial authority that is collecting the rates on Council's behalf.

It is now proposed that two additions are made to Council's policy, that would be effective from 1 July 2012. These are to add in two specific rates remission mechanisms as follows:

- A Forestry and Bush Remission for the Rotorua Lakes Programme Targeted Rate, and
- A loan repayment remission for the Environmental Loan Repayment Scheme - to support the ongoing implementation of the Rotorua Clean Heat programme.

These two additions are discussed below.

Background and Legislative Context

The Local Government Act 2002 gives local authorities powers to set rates remission and postponement policies. Rates postponement policies allow ratepayers to defer paying their rates, with the debt being secured against the equity in their property. Ratepayers still have to pay postponed rates, but at a later time. In some cases, rates may be postponed for a set number of years.

In other cases, rates may be postponed until a certain event occurs, such as the ratepayer selling their property.

Remission of rates refers to providing rates relief by reducing the amount of rates that are liable for payment. Examples of this are where rates are remitted for a charitable organisation providing services to the community or where rates are reduced to recognise the financial impact on properties from natural disasters.

Under section 102 of the Local Government Act 2002 a rates postponement and remission policy for Māori freehold land must be adopted by Council. General rates postponement and remission policies may be adopted. Council must use the special consultative procedures for adopting such policies.

In adopting remission and postponement policies Council must state the objectives sought to be achieved and any conditions and criteria. Reference is also required to Schedule 11 of the Local Government Act 2002 which contains a range of matters that are to be considered when adopting such policies. Council's policy states that it aligns with the policies of the territorial authorities (including their objectives) and with the conditions and criteria that are applied. Schedule 11 has been considered within the above context.

The Local Government (Rating) Act 2002 also places certain requirements on Council for how remission and postponement policies are implemented and reported on.

Addition 1: Forestry and Bush Remission for the Rotorua Lakes Programme Targeted Rate

The development of an equitable targeted rate for the Rotorua Lakes' catchments linked to nutrient loss has challenged the Council since the early 2000's. The fundamental principle that we are trying to achieve is that contributors should pay an amount towards the lake restoration programme that is proportional to their impact (nutrient loss).

Through a number of Annual Plan and Ten Year Plan processes the Council considered and debated a number of options for apportionment of the necessary rates required for funding of the lakes programme.

The Council has long recognised that forestry or bush properties have the greatest degree of inequity in terms of the current targeted rate system which is based on the size of properties. Forestry or bush loses around 3-4 kg N/ha whereas for pastoral farming the figure is around 16 kg N/ha for drystock and 55 kg N/ha for dairying.

As part of the Annual Plan process for the 2011/12 financial year, submitters, as they have done for a number of years, requested that the Council should focus on providing low targeted rates for forestry operations rather than the more difficult challenge of apportioning higher amounts to dairying or other pastoral uses. With this in mind officers have evaluated different options for how lower contributions to the programme costs from low nitrogen-loss forestry or bush properties might be implemented.

An important consideration in designing such a system is to minimise the transaction costs. For this key reason Council considers that any system should target large properties (of greater than 10 hectares in area) that are wholly forestry or bush. This is a simple process that minimises transaction costs and that delivers a more equitable outcome. Allowing for proportional levels of land use, or for different types of land use (and therefore different levels of nitrogen and phosphorus loss), could greatly increase the cost and complexity of a system.

The benefits of introducing a mechanism for forestry and bush properties include:

- Redressing the inequity for the sector that has the most desirable land use for nutrient loss.
- Sending a clear message to the community about Council's intentions for low nutrient-loss land uses should have lower targeted rates.

Council has estimated that there are currently 40 properties of greater than 10 hectares that are bush or forestry and therefore might be eligible for lower contributions to the programme costs.

The 40 properties would contribute approximately \$20,000 of rates to the programme.

Analysis of Reasonably Practical Options

Three potential options were considered by Council to address the inequity in the current system for forestry or bush properties. They are:

Differential

A differential rate could be established for forestry and bush properties so that they would be charged at the same rate as residential properties. Implementation would be difficult as the rating system does not specifically identify forest and bush as land uses. The small number of properties does not warrant a differential rating system.

Remission

The current targeted rate would be charged to each property. Property owners with bush or forestry only would be able to apply for a remission down to the amount charged to residential properties. The process of property owners establishing their eligibility is administratively simpler than up-front analysis and investigation.

Grant

The current targeted rate would be charged to each property and the Council would provide a grant back to those property owners with forestry or bush. The grant would equate to the difference between the current 10 hectare plus rate and the residential rate. A system would be needed to ensure rates are paid prior to grants being provided. Unlike the other two options, property owners would need to first pay the rate before effectively receiving a refund.

Recommended Option

Council is of the view that a targeted rates remission approach would be the most efficient way of addressing the current inequity that exists for forestry and bush covered properties. This option limits the transaction costs within the process.

Implementation

The current targeted rate would be charged to each rating unit. Owners of rating units that are wholly bush or forestry would be able to apply for a remission down to the amount charged to residential properties. Adequate evidence would need to be provided in support of an application.

Addition 2: Loan repayment remission for the Environmental Loan Repayment Scheme Rates

Rotorua has the worst wintertime air quality in the North Island, caused mainly by domestic fires. The poor air quality has resulted in the identification of a Local Air Management Area for the Rotorua Airshed. Council has developed a mix of interventions as part of an action plan to significantly improve the air quality of the Rotorua airshed.

Through the development of the package of interventions it was identified that financially assisting property owners to move to a cleaner heating source was desirable. Offering incentives makes the process of change easier for both

those who are looking to change, and those who are forced to change because of a bylaw rule.

Council has implemented a voluntary targeted rating system that operates as a loan to support the Clean Heat initiatives. Council is now looking to also offer a loan repayment write-off each financial year to ratepayers where there are specific and substantial affordability issues. To not offer this will reduce the uptake of the Clean Heat loans and will consequently reduce the environmental benefit being delivered by the programme.

Issues of affordability are associated with a significant proportion of homes that contribute to the air quality problem. Research has shown that where household income is between \$25,000 and \$39,000 Clean Heat loan affordability is marginal. Below a household income of \$25,000 loan repayments are unaffordable.

It is estimated that there are 3400 community service card households in the airshed and it is likely that half of these have incomes less than \$25,000. Council has included funding in the draft Ten Year Plan to support householders with loan repayments. Individual, annual repayments are to a maximum of \$460.

Using the Government Rates Rebate Scheme criteria, Rotorua District Council have approved approximately 1600 applications for Rates Rebate from homeowners within the Rotorua airshed. This provides an estimate of the maximum number of potential remission applications and potential cost.

Implementation

The mechanism is proposed to be aligned with the Government Rates Rebate scheme. Ratepayers who are successful in receiving a rebate through Rotorua District Council under the Government scheme will be entitled to apply for a write-off of their Clean Heat Loan repayments in the same financial year.

The Regional Council manages the voluntary targeted rate and remissions process.

Public consultation and submissions

While it does not form part of the Ten Year Plan, the proposed new Policy on Remission and Postponement of Rates 2012 has been included in the draft Ten Year Plan consultation process so that we can obtain your views and feedback. This Proposal is also available for viewing or download at www.boprc.govt.nz or you may request a hard copy by phoning the Council on 0800 884 880.

Please see the information earlier in the draft Plan on 'how to make a submission' if you would like to give us feedback on the proposed amendments.

Policy on Remission and Postponement of Rates 2011 (Current Policy)

Purpose

To align the Bay of Plenty Regional Council's (Council) policy on the remission and postponement of rates, including rates on Maori freehold land, with the policies of each of the region's seven city and district councils, which collect rates on behalf of the Regional Council.

General Policy

The seven city and district councils in the Bay of Plenty collect rates on behalf of the Regional Council. Each of these city and district councils operates predictable and certain remission and postponement policies. There are insufficient differences between the city and district council policies to warrant separate treatment for the usually lesser level of Regional Council rates.

So the Bay of Plenty Regional Council aligns its policy on the remission and postponement of rates with the policies and objectives of each of the seven city and district councils.

Where city and district councils may provide temporary remission for some properties to accommodate a one-off or a short-term specific purpose, such as a transitional change in its own rating system from land-value-based rating to capital-value-based rating, a remission of Regional Council rates will not apply.

Each request for remission or postponement of rates, including rates on Maori freehold land, shall be subject to the standard conditions and criteria established by the relevant city and district council to determine entitlement to, or consideration for, such remission or postponement.

Environmental Loan Repayment Scheme

Purpose

The purpose of the Environmental Loan Repayment Scheme is to assist in the management of the recovery via targeted rates of loans lent to ratepayers for environmental initiatives under Council programmes.

Criteria and conditions

- This scheme only applies to targeted rates for the recovery of the funds lent to ratepayers as loans for environmental initiatives (and associated works) listed in Table 1.
- Targeted rates are set on a GST exclusive basis so that the rate plus GST equals the total value of the loan.
- The postponement is conditional on the ratepayer agreeing to and complying with the conditions of any Installation Service Agreement.
- The maximum period of postponement from the date the loan is advanced will be as specified in Table 1.
- Loan repayments must be made as specified in Table 1.
- Repayments must be made either by direct debit or automatic payment to repay the amount of the loan plus any administration fees over the period of postponement specified in Table 1.
- At Council's discretion an administration fee can be charged if the agreed repayments are not made.
- If the property is sold the ratepayer to whom the loan was provided must repay the full amount on sale of the property.
- The postponed rates or any part thereof may be paid at any time.

- The postponed rates must be registered as a statutory land charge on the rating unit title.

Review of Policy

The Bay of Plenty Regional Council's Policy on Remission and Postponement of Rates will be reviewed and open for public comment on a three-yearly basis. It will also be reviewed and consulted on at any time within the three-year period when an amendment to the Policy may be required.

Table 1

Environmental programme	Objective	Maximum loan value	Maximum period of postponement	Standard repayment schedule
Rotorua Hot Swap (clean heat)	To improve Rotorua's air quality	\$4,600 incl GST	10 Years	Monthly

Policy on Remission and Postponement of Rates 2012 (New Policy)

Purpose

To align the Bay of Plenty Regional Council's (Council) policy on the remission and postponement of rates, including rates on Maori freehold land, with the policies of each of the region's seven city and district councils, which collect rates on behalf of the Regional Council.

General Policy

The seven city and district councils in the Bay of Plenty collect rates on behalf of the Regional Council. Each of these city and district councils operates predictable and certain remission and postponement policies. There are insufficient differences between the city and district council policies to warrant separate treatment for the usually lesser level of Regional Council rates.

So the Bay of Plenty Regional Council aligns its policy on the remission and postponement of rates with the policies and objectives of each of the seven city and district councils.

Where city and district councils may provide temporary remission for some properties to accommodate a one-off or a short-term specific purpose, such as a transitional change in its own rating system from land-value-based rating to capital-value-based rating, a remission of Regional Council rates will not apply.

Each request for remission or postponement of rates, including rates on Maori freehold land, shall be subject to the standard conditions and criteria established by the relevant city and district council to determine entitlement to, or consideration for, such remission or postponement.

Environmental Loan Repayment Scheme

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- The postponement is conditional on the ratepayer agreeing to and complying with the conditions of any Installation Service Agreement.
- The maximum period of postponement from the date the loan is advanced will be as specified in Table 1.
- Repayments must be made either by direct debit or automatic payment to repay the amount of the loan plus any administration fees over the period of postponement specified in Table 1.
- At Council's discretion an administration fee can be charged if the agreed repayments are not made.
- If the property is sold the ratepayer to whom the loan was provided must repay the full amount on sale of the property.
- The postponed rates or any part thereof may be paid at any time.
- The postponed rates must be registered as a statutory land charge on the rating unit title.

Remissions

- At Council's discretion annual repayments of loans may be remitted (waived).

Table 1

Environmental programme	Objective	Maximum loan value	Maximum period of postponement	Standard repayment schedule	Remission
Rotorua Hot Swap (clean heat)	To improve Rotorua's air quality	\$4,600 incl GST	10 Years	Monthly	Eligibility: Government Rates Rebate Scheme Amount: Annual repayment for financial year

Forestry and Bush Remission

For properties subject to the Rotorua Lakes Programme Targeted Rate of greater than 10 hectares in area, the following remission is available:

Objective

To recognise the lesser impact that forest and bush have on nutrient discharges to water.

Criteria and conditions

- At Council's discretion a remission of the targeted rate may be provided for properties that are wholly forestry or bush.

- Regardless of any remission, all rating units will be charged the amount for a less than 2 hectare rating unit.
- Ratepayers who believe they are eligible for rates remission will need to provide evidence to support their application for remission.

Review of Policy

- The Bay of Plenty Regional Council's Policy on Remission and Postponement of Rates will be reviewed and open for public comment on a three-yearly basis. It will also be reviewed and consulted on at any time within the three-year period where an amendment to the Policy is required.

Statement of Proposal on Reviewed Policy on Development Contributions and Financial Contributions

Introduction

Under section 102(2)(d) of the Local Government Act (the Act), Bay of Plenty Regional Council is required to have a policy in relation to the purposes for which development contributions or financial contributions may be required. Council is required under the Act to review and make open for public submissions its Policy on Development Contributions and Financial Contributions at least once every three years using the special consultative procedure.

Proposal

Council has undertaken a review of its Policy on Development Contributions and Financial Contributions. Council can charge financial contributions under its regional plans, however only the Operative Regional Water and Land Plan has provisions for financial contributions that fully meet the Resource Management Act 1991. Bay of Plenty Regional Council does not have the statutory ability to charge development contributions.

Until the financial contributions provisions of Council's other regional plans are updated through a plan review or change process, in line with recent case law, Council will continue to require financial contributions only under the Regional Water and Land Plan. As there have been no changes to financial contribution provisions of the Regional Water and Land Plan (or any of the other regional plans) the existing Policy on Development Contributions and Financial Contributions is still considered to be relevant. Council is therefore not proposing any changes to the policy at this time.

Making a submission

While it is not part of the Ten Year Plan, the proposed Policy on Development Contributions and Financial Contributions has been included in the draft Ten Year Plan so that we can obtain your views and feedback. This Proposal is also available for viewing or download at www.boprc.govt.nz or you may request a hard copy by phoning us on 0800 884 880.

Please see the information earlier in this draft Plan on 'How to make a Submission' if you would like to give us feedback on this Policy.

Policy on Development Contributions and Financial Contributions (Reviewed Policy)

Purpose

To present Bay of Plenty Regional Council's policy for development and financial contributions.

Under section 102(2)(d) of the Local Government Act 2002 (the Act) Bay of Plenty Regional Council is required to have a policy in relation to the purposes for which development contributions or financial contributions may be required.

Introduction

Only territorial authorities have the statutory ability to charge development contributions.

Because of this Council cannot and will not be charging development contributions. However, Council is able to charge financial contributions. This outlines Council's specific policies for financial contributions.

Council has a number of regional plans, four of which have provisions for charging financial contributions.

These are:

- Operative Bay of Plenty Regional Air Plan;
- Operative Bay of Plenty Regional River Gravel Management Plan;
- Operative Bay of Plenty Regional Coastal Environment Plan; and
- Operative Bay of Plenty Regional Water and Land Plan.

Only the Regional Water and Land Plan has provisions for financial contributions that fully meet the Resource Management Act 1991 (RMA)

requirements. Until the financial contributions provisions of the other plans are updated (in line with recent case law), Council will require financial contributions only under the Regional Water and Land Plan. When Council grants a resource consent under the rules of the Operative Regional Water and Land Plan, it may impose a condition requiring a financial contribution for the purposes specified in the Plan.

The term 'financial contribution' is defined in Section 108(9) of the RMA to mean:

"...a contribution of:

- a. Money; or
- b. Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Te Ture Whenua Maori Act 1993 unless that Act provides otherwise; or
- c. A combination of money and land".

More information on financial contributions is contained in Section 108(10) of the RMA.

Under this Section, a consent authority must not include a condition in a resource consent requiring a financial contribution, unless:

- The condition is imposed in accordance with the purpose specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to off-set any adverse effect); and
- The level of contribution is determined in the manner described in the plan or proposed plan.

Financial contributions may be required for various purposes, including to ensure positive effects on the environment to off-set any adverse effects, and to mitigate adverse effects on the environment through use and development (environmental compensation).

Financial contributions will be taken only where other mechanisms will not adequately address community concerns, or where circumstances of an individual case clearly point to a financial contribution as being the most appropriate option. The requirement for, and amount of, a financial contribution are determined during pre-hearing consultation on a resource consent application. So the use and appropriateness of financial contributions in any given circumstance is determined through consultation involving Council, the resource consent applicant, and any submitters to the application.

All monies collected under the financial contribution regime of a plan are collected by Bay of Plenty Regional Council for use in a manner as Council deems fits in order to avoid, remedy or mitigate, or off-set, the adverse effects on the environment of the activity that the financial contribution is levied on. When deciding how those contributions should be levied or allocated, consideration will be given to matters contained in public submissions on a resource consent application.

Under section 106(2) of the Local Government Act 2002, Council does not see a requirement for financial contribution to fund any capital expenditure to meet increased demand for community facilities resulting from growth. The Long Term Council Community Plan (Ten Year Plan) does not provide for any specific financial contributions, but it does provide for the possibility of imposing a condition requiring one.

The RMA requires Council to specify in any regional plan that makes provisions for requiring financial contribution:

- The circumstances when the contributions may be imposed;
- The purposes for which the contributions may be required and used; and
- The manner in which the amount of the contribution will be determined.

The plan should also set out matters that Council will pay particular regard to when deciding whether to impose a financial contribution and the type (or types) of contribution.

The Operative Regional Water and Land Plan

Provisions relating to the requirement for financial contributions under the Operative Regional Water and Land Plan are set out in Chapter 10 of the Plan. The circumstances when financial contributions may be imposed under this Plan are:

- Protecting aquatic habitats of indigenous species and trout;
- Protecting riparian vegetation;
- Protecting wetlands;
- Protecting the environment from stormwater discharges;
- Protecting, restoring or enhancing river and lake beds;
- Protecting water quality from land-use and discharges of contaminants to land;
- Protecting lake water quality; and
- General mitigation works.

Other Regional Plans

As already noted, the Regional Air Plan, Regional River Gravel Management Plan, and the Regional Coastal Environment Plan include provisions for financial contributions, but none of them have provisions that fully meet the RMA requirements.

Council will not require financial contributions under any of these plans until the financial contributions provisions are updated through a plan review or change process.

Review of Policy

In line with the Local Government Act 2002, Council's Policy on Development Contributions and Financial Contributions will be reviewed and open for public comment at least once every three years through the special consultative procedure.

It will also be reviewed and consulted on at any time within the three-year period, when an amendment to the Policy may be required.

