

Meeting: Regional Council

Meeting Date: Tuesday 16 February 2021

Items under Separate Cover

As noted on the Regional Council Agenda for the meeting on Tuesday 16 February 2021, the following items are included under separate cover:

Reports

Information Only

Agenda Item 9.7 Arotake Tuarua 2020/21 - Performance Monitoring Report Quarter Two (October to December 2020)

3

Attachment 1 - Arotake Tuarua 2020-21

10

Attachment 2 - Arotake Q2 - Appendix 2 Bancorp - Confidential Treasury Report December 2020 - Public Excluded

Attachment 3 - Arotake Q2 - Appendix 3 Toi Moana Trust - Quarterly Report - December 2020 - Public Excluded

Public Excluded Section

Item No.	Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution	When the item can be released into the public
10.4	Arotake Tuarua 2020/21 - Performance Monitoring Report Quarter Two (October to December 2020) - Confidential Attachments only	Withholding the information is necessary to protect information where the making available of the information would be likely to unreasonably prejudice the commercial position of the person who supplied or who is	48(1)(a)(i) Section 7 (2)(b)(ii).	To remain in public excluded.

Item No.	Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution	When the item can be released into the public
		the subject of the information.		

Information Only

Agenda Item 10.4 Arotake Tuarua 2020/21 - Performance Monitoring Report Quarter Two (October to December 2020) - Confidential Attachments only



Report To:	Regional Council
Meeting Date:	16 February 2021
Report Writer:	Debbie Hyland, Finance & Transport Operations Manager; Zhivan Alach, Organisational Performance Manager; Mereana Toroa, Finance Support Team Lead and Matthew Searle, Corporate Planner
Report Authoriser:	Mat Taylor, General Manager, Corporate
Purpose:	This report provides an overview of Council's performance (financial and non-financial) and the progress of our work for the six months ended 31 December 2020.

Arotake Tuarua 2020/21 - Performance Monitoring Report Quarter Two (October to December 2020)

Executive Summary

This report provides an overview of Council's performance and the progress of our work for the second quarter of 2020/21. Arotake Tuarua 2020/21 (October 2020 to December 2020) is included as Attachment 1 to this report.

For the six months ended 31 December 2020, Council is forecasting an annual operating deficit of \$14.5 million which is \$1.6 million higher than the revised budgeted deficit of \$12.9 million. Council expects to receive \$19.6 million of capital revenue which is slightly lower than the revised annual capital revenue budget of \$18.5 million. As a result, Council is forecasting a total surplus of \$5.1 million which is \$0.5 million lower than the revised total budgeted surplus of \$5.6 million. Council is forecasting capital expenditure of \$49.3 million which is \$4.8 million lower than the revised capital budget of \$54.1 million.

Our total investment portfolio is \$289.4 million including \$50 million on-lent to Quayside Holdings Limited (Quayside), with the allocation by cash reserve shown in the graph. The portfolio has a weighted average yield of 1.81%.

The Toi Moana Trust is targeted to pay a distribution of \$2.25 million for the 2020/21 financial year. Forecast interest revenue is \$3.4 million compared to the annual budget \$3.5 million. Confidential Appendix 2 Bancorp Monthly Treasury Report and Confidential Appendix 3 Quayside Holdings Toi Moana Fund Quarterly Update December 2020 provide further details of Council's treasury performance.

We are tracking well against our performance measures for the second quarter with 21 out of 33 performance measures on track, two measures not on track and one measure will have no data available due to changes to the activity (Regional Economic Development). Data is not available for 9 measures at this stage of the year, mainly due to them being reported annually.

Recommendations

That the Regional Council:

- 1 Receives the report, Arotake Tuarua 2020/21 - Performance Monitoring Report Quarter Two (October to December 2020).**
- 2 Confirms the public be excluded on the grounds set out in the Local Government Official Information and Meetings Act 1987 from consideration of the following report attachments:**
 - (a) Arotake Q2 - Appendix 2 Bancorp - Confidential Treasury Report December 2020 under Section 48(1)(a)(i) Section 7 (2)(h) as withholding the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities and that this attachment remain in Public Excluded.**
 - (b) Arotake Q2 - Appendix 3 Toi Moana Trust - Quarterly Report - December 2020 under Section 48(1)(a)(i) Section 7 (2)(h) as withholding the information is necessary to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities and that this attachment be released to the public on the Chief Executive's approval.**

1. Introduction

- 1 This report provides an overview of Council's performance and the progress of our work for the second quarter of the 2020/21 financial year (October 2020 – December 2020). This includes a view of our service delivery and financial forecasts to 31 December 2020.
- 2 Arotake Tuarua 2020/21 has been included as Attachment 1 to this report and includes the following sections.
 - Highlights for the quarter are presented in the 'Executive Summary' section of the report.
 - A Financial Performance section providing an overview of Operating and Capital expenditure, key budget variance analysis, and the consequential increases to our reserves position as at 30 June 2021. This also includes an update on Treasury performance, including investments and borrowings.
 - Non-financial performance is covered through the Service Delivery Performance section of the report which includes monitoring of key performance indicators as set out in the Long Term Plan 2018-2028. People and Culture, and Health and Safety updates round out the non-financial information.
- 3 Following this Council meeting, the Arotake report will be published on Council's website.

1.1 Alignment with Strategic Framework

The Way We Work We deliver value to our ratepayers and our customers.

1.1.1 Community Well-beings Assessment

Dominant Well-Beings Affected			
<input checked="" type="checkbox"/> Environmental	<input checked="" type="checkbox"/> Cultural	<input checked="" type="checkbox"/> Social	<input checked="" type="checkbox"/> Economic

- 4 Councils' Arotake report provide monitoring information across the full range of Council activities which collectively support all four aspects of community wellbeing.

2. Summary of financial and non-financial performance to 31 December 2020

- 5 For the six months ended 31 December 2020, Council is forecasting an annual *operating* deficit of \$14.5 million which is \$1.6 million *higher* than the budgeted deficit of \$12.9 million. Council expects to receive \$19.6 million of capital revenue which is slightly *higher* than the annual capital revenue budget of \$18.5 million. As a result, Council is forecasting a *total surplus* of \$5.1 million which is \$0.5 million *lower* than the total budgeted surplus of \$5.6 million. Council is forecasting capital expenditure of \$49.3 million which is \$4.8 million *lower* than the capital budget of \$54.1 million.
- 6 The year-end capital expenditure forecast is \$49.3 million, this is a forecast underspend of \$4.8 million. This is mainly due to a \$3.1 million forecast underspend in the Rotorua Lakes Activity mainly because the alternative engineering solutions for the Rotorua Te Awara Lakes programme have been carried through to future years through the draft Long Term Plan 2021-2031.

- 7 Council is forecasting an end of year Equalisation Reserve (general reserve) balance of nil. Please refer to section 3.3 for the forecast balances for the targeted rates reserves.

2.1 Schedule of Approved Budget Changes

The below is a summary of approved changes to the Annual Plan 2020/21:

Changes made to Annual Plan 2020/21 by Class	Original Budget \$000	Revised Budget \$000	Approved Change \$000
Operating revenue	134,022	138,941	4,919
Operating expenditure	146,758	151,827	5,069
Total operating surplus (deficit)	(12,737)	(12,887)	(150)
Capital revenue	7,144	18,466	11,322
Total surplus (deficit)	(5,593)	5,579	11,172
Capital expenditure	51,505	54,121	2,616

Further detail on approved changes to the Annual Plan 2020/21 by Activity:

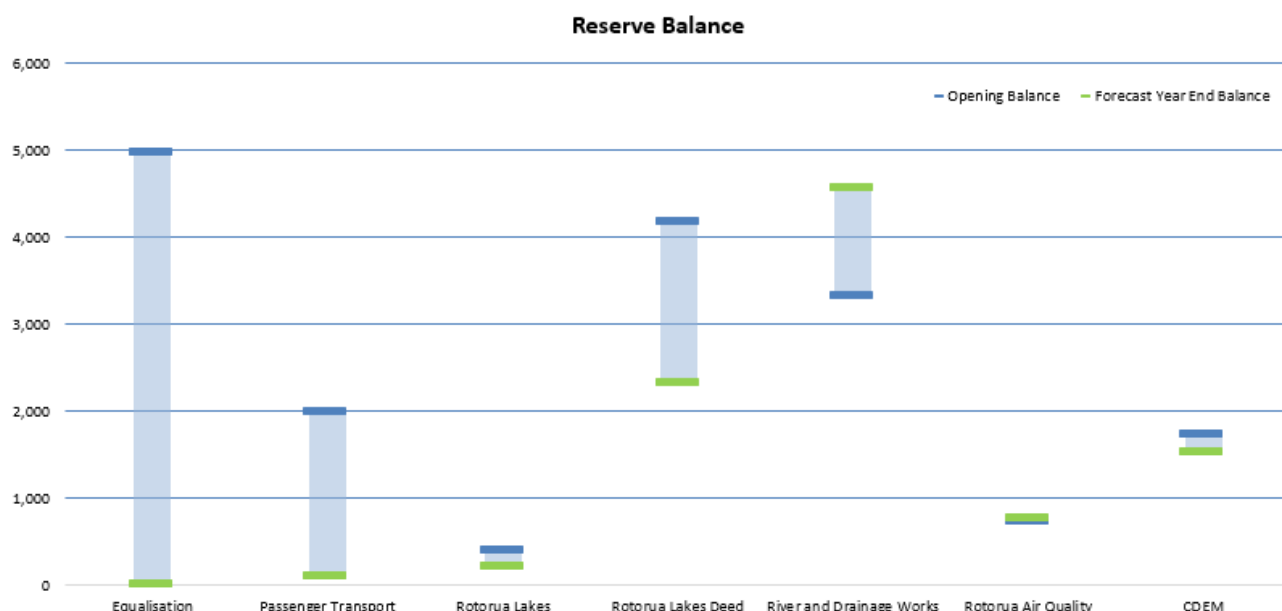
Activity Description	Activity Detail	Operating Revenue \$000	Operating Expenditure \$000	Capital Revenue \$000	Capital Expenditure \$000
Coastal Catchments	MfE - 1 Billion Trees	\$600	\$600		
Coastal Catchments & Lakes	MfE - General grants	\$1,500	\$1,500		
Biosecurity	MfE & MPI - Jobs for Nature	\$2,819	\$2,819		
Regional ICM	Climate Change initiatives		\$150		
Rivers & Drainage	CIPS - Rangitaiki Floodway & Spillway			\$8,186	
Rivers & Drainage	CIPS - Rangitaiki Floodwalls			\$600	\$586
Rivers & Drainage	CIPS - Kaituna Mole			\$1,440	
Rivers & Drainage	CIPS - Whakatāne River Stopbank Raising & Floodwalls			\$300	(\$10)
Rivers & Drainage	CIPS - Ngongotahā Stream Mitigation Civil Works			\$300	\$400
Rivers & Drainage	CIPS - Ngongotahā Stream Catchment Works			\$900	\$1,200
Rivers & Drainage	CIPS - Waioeka Estuary Restoration			\$3,000	\$4,000
Regional Parks	Land Swap - Pāpāmoa Hills				\$615
Various	Carry Fwd 2019/20 budget				\$2,634
Rotorua Lakes	Lakes Strategy Group & rephased capital budget			(\$3,404)	(\$6,809)
Total Changes to Annual Plan 2020/21		\$4,919	\$5,069	\$11,322	\$2,616

2.2 Treasury

- 8 Our total investment portfolio is \$289.4 million including \$50 million on-lent to Quayside Holdings Limited (Quayside). The portfolio has a weighted average yield of 1.81%.
- 9 Council has borrowed \$231.4 million, with \$50.0 million on-lent to Quayside. \$112.2 million of this is core debt, and \$69.25 million is invested in term deposits. The average weighted interest rate on borrowings at 31 December 2020 is 1.5%.
- 10 Confidential Appendix 2 Bancorp Monthly Treasury Report and Confidential Appendix 3 Quayside Holdings Toi Moana Fund Quarterly Update September 2020 provide further details of Council's treasury performance.

2.3 Reserve Balances

- 11 The following graph and table shows the opening reserve balances, forecasted movements for the year, and forecasted closing balances as at 30 June 2021.



12

\$000's	Equalisation	Passenger Transport	Rotorua Lakes	Rotorua Lakes Deed	River and Drainage Works	Rotorua Air Quality	CDEM
Opening Balance 01 July 2020	4,968	1,983	396	4,176	3,328	721	1,730
Approved and Direct Use	(4,739)	(1,425)	0	(3,000)	(697)	0	(850)
Forecast Movement	(229)	(463)	(177)	1,150	1,936	48	642
Forecast Year End Balance 30 June 2021	0	95	219	2,326	4,567	769	1,522

13

2.4 Performance Measures

- 14 Quarter 2 has continued the positive trend from quarter 1, with a majority of reported measures on track. As it is still early in the year, however, a significant portion of the measure are yet to be reported on. Twenty-one out of a total of 33 performance measures were on track at the end of Quarter 2, with an additional 9 measures to be reported on later in the year. In addition, two measures were not on track to be achieved at the end of 2020/21.
- 15 One measure has no data available due to changes to the activity (Regional Economic Development).

- 16 Further information about how we are tracking can be found on under the section “Service Delivery Performance” of the Arotake.

3. Considerations

3.1 Risks and Mitigations

There are no direct risk implications arising as a result of this report.

3.2 Climate Change

The matters addressed in this report are of a procedural nature and there is no need to consider climate change impacts.

- 17 There are no direct climate change implications arising as a result of this report.

- 18 Climate Change is identified as a strategic challenge facing the Bay of Plenty Region. The Arotake Report provides a report on the financial and non-financial performance of Council and this includes work delivered through Groups of Activities to understand the implications of and to respond to the implications of Climate Change.

3.3 Implications for Māori

- 19 Through this quarter Council continued to deliver services as set out in our LTP 2018-2028 and Annual Plan 2020/21, this includes delivering services to all of our community including Māori.

- 20 Council also continues with work that involves engagement with Māori. Our region has New Zealand’s largest number of iwi entities and the second largest Māori population. This provides the region and its communities with a rich and vibrant cultural dynamic. The involvement of Māori in Council decision making has been and will continue to be, an important component of our work as a Regional Council.

3.4 Community Engagement

21



Engagement with the community is not required as the recommended proposal / decision [relates to internal Council matters only].

3.5 Financial Implications

There are no material unbudgeted financial implications and this fits within the allocated budget. As part of the adoption of the Annual Report 2019/2020 Council approved a budget carry forward request for capital expenditure of \$2.9 million some of which is included in the next Arotake performance monitoring report.

4. Next Steps

- 22 Following this Council meeting, the Arotake report will be published on Council’s website.

Attachments

Attachment 1 - Arotake Tuarua 2020-21 [↓](#)

Attachment 2 - Arotake Q2 - Appendix 2 Bancorp - Confidential Treasury Report
December 2020 (Public Excluded) [↓](#)

Attachment 3 - Arotake Q2 - Appendix 3 Toi Moana Trust - Quarterly Report - December
2020 (Public Excluded) [↓](#)

Item 9.7

Arotake Tuarua 2020/21

Performance Monitoring Report

October 2020 to December 2020







Contents

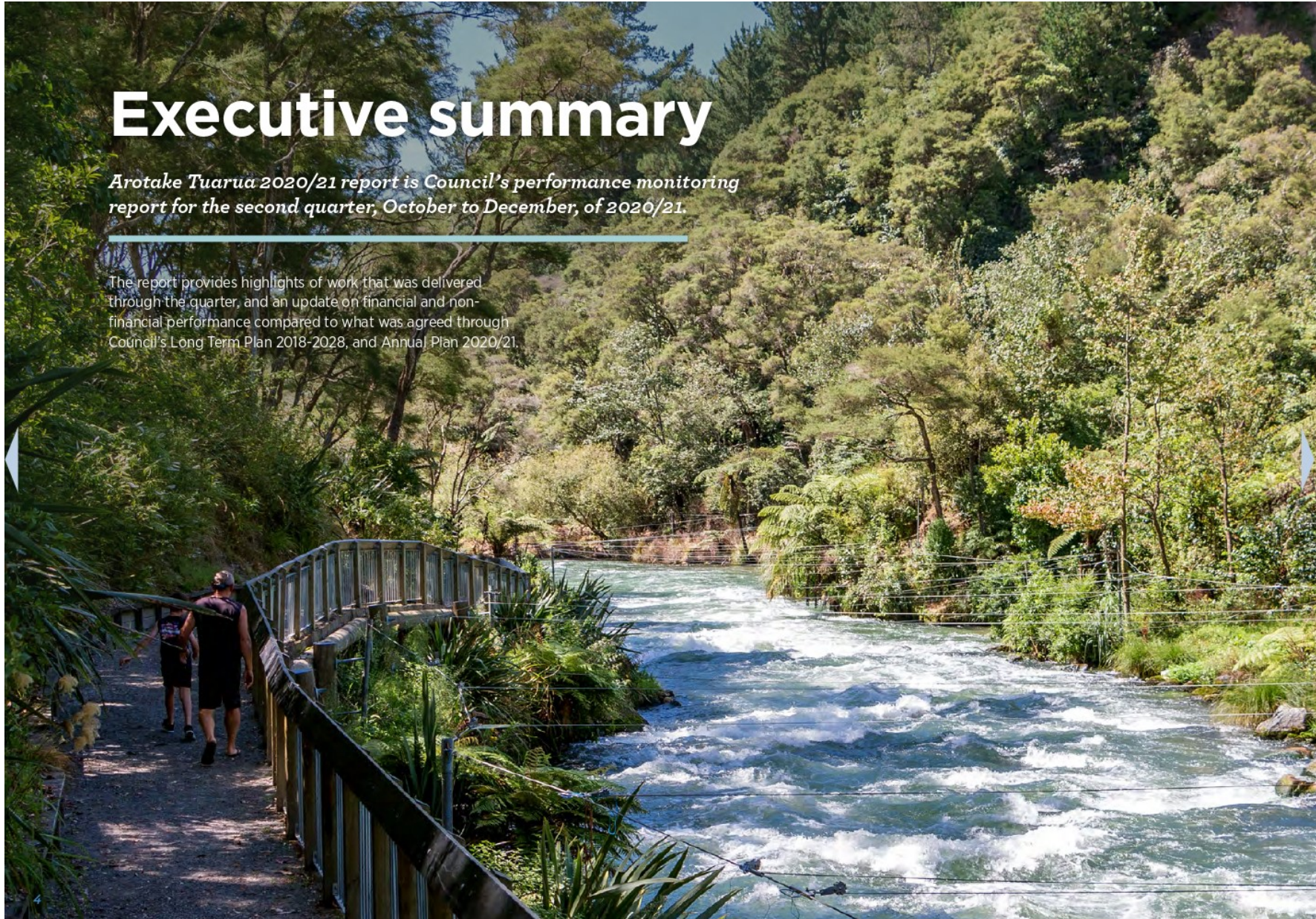
Rārangi Kaupapa

<i>Executive summary</i>	4
<i>Financial Performance – Ngā whakatutukitanga ahumoni</i>	7
<i>Service Delivery Performance – Ngā whakatutukitanga-a-ratonga</i>	15
<i>Health and safety – Te Hauora me Te Haumarua</i>	19
<i>People and culture – Pūmanawa Tangata</i>	21

Executive summary

Arotake Tuarua 2020/21 report is Council's performance monitoring report for the second quarter, October to December, of 2020/21.

The report provides highlights of work that was delivered through the quarter, and an update on financial and non-financial performance compared to what was agreed through Council's Long Term Plan 2018-2028, and Annual Plan 2020/21.



COMMUNITY OUTCOMES IN ACTION

Our work is focused on delivering our Community Outcomes and the wellbeing of our community. Significant progress was made across a number of projects and service delivery areas. Highlights from the past quarter include:

- Representatives from across the Bay of Plenty gathered in Te Puke on 19 October to start work on developing a plan for **climate change adaptation** and building **climate resilience** in our Bay of Plenty communities. Hosted by Toi Moana Bay of Plenty Regional Council, the workshop was attended by councillors, iwi representatives and Bay of Plenty climate change experts and was regarded as a vital first step in getting the interested agencies together in the same room to figure out a collaborative way forward. The workshop resulted in the creation of a Regional Technical working group that will be tasked with designing a Climate Change Risk Assessment process for the region.
- On the 5th of December, Councillors and staff attended **Ngāti Rangitihī's Treaty of Waitangi Deed of Settlement** signing at Rangitihī Marae, Matatā. This was a hugely significant event for Ngāti Rangitihī and the ceremony included an acknowledgement by the Crown of past Treaty breaches, a formal apology, and the presentation of a Ngāti Rangitihī flag that honours a request made to the Government in 1919.

The Settlement contains provisions for a co-governance forum for the Tarawera Awa to be established (Tarawera Awa Restoration Strategy Group) and for this Strategy Group to develop a Tarawera River Strategy Document. Council has the role of supporting the administration of the Strategy Group for the first three years. The Crown is making a contribution to Council towards the preparation of the strategy document.
- On 17 December Council voted to adopt the **Flood Protection and Drainage Bylaws 2020**, bringing to fruition an 18-month-long process of consultation, review, submissions and hearings. The new Bylaws come into force on 1 February 2021 and until then the Floodway and Drainage Bylaws 2008 remain in effect. The Bylaws only apply to assets managed by Bay of Plenty Regional Council as part of the region's flood protection and land drainage schemes.

The Local Government Act 2002 requires all bylaws to be reviewed every ten years to ensure they are fit-for-purpose, informed by the latest science and data, and in this case, the learnings from flood events in the intervening years. The review also took into account climate change projections, land use changes and increased pressure from land development.

- In late October a new agreement confirmed a decade of action against the **wild kiwifruit** as part of efforts to control the spread of this pest plant in the Bay of Plenty. Bay of Plenty Regional Council and Kiwifruit Vine Health (KVH) will continue to work together to jointly manage the pest plant, which can rapidly form a dense, heavy blanket of growth, smothering and eventually killing or toppling trees and shrubs beneath. It is a significant threat to native bush and forestry.

The kiwifruit industry, represented by KVH, has partnered with the Regional Council in helping manage wild kiwifruit since 1998 and this agreement will ensure the work continues over the next 10 years. Kiwifruit Vine Health and New Zealand Kiwifruit Growers Incorporated had asked that wild kiwifruit be declared a 'progressive control pest' in the Council's new Regional Pest Management Plan. The Plan is expected to be adopted later this year.
- This quarter Council received decisions on two **environmental enforcement** matters:
 - Ziwi Ltd** – a prosecution in relation to discharges of offensive odour from Ziwi's petfood factory in Mount Maunganui. Ziwi pleaded guilty to the charges and were convicted and fined \$66,000. This is an encouraging result given the amount of complaints we have received from the community in relation to the facility, which also remains subject to an enforcement order for Ziwi to implement steps that will reduce the risk of ongoing breaches.
 - Kaimai Dairy Farm Limited, the farm owner, and Glen John Ashford** – a prosecution in relation to failures to properly manage dairy effluent discharges have led to a combined total of \$58,100 in fines.
- A final decision to has been received for **Proposed Plan Change 10** Lake Rotorua Nutrient Management to the Regional Natural Resources Plan. This a huge achievement and signals the end to an 8 year piece of work and is a key part of protecting and enhancing the water quality of lake Rotorua. The Environment Court considered appeals in two stages. A decision on Stage 1 was made on 9 August 2019. The Environment Court stage 2 hearing and Final Decision considered the issue of allocation to Settlement Land in forestry and the Final Decision report was received on 22 December 2020. Subject to a final set of provisions being provided by the Regional Council to implement the decision, and these subsequently being approved by the Environment Court, this will make PPC10 an operative part of the Regional Natural Resources Plan. This should occur in Q3.

SERVICE DELIVERY PERFORMANCE

During 2020/21, we are due to monitor and report on 33 performance measures. At the end of quarter two:

- 21 measures are on track.
- 2 measures are not on track, and are forecast to be at risk of not achieving the target by the end of the year.
- 9 measures are reported on annually or are not due for reporting yet and results will be reported on when data is available.
- 1 measure has no data available due to changes to the activity (Regional Economic Development) that the measure relates to.

FINANCIAL PERFORMANCE

Council is forecasting a year end operating deficit of \$14.5 million, which is \$1.6 million higher than the revised budgeted deficit of \$12.9 million. This is due to forecast operating expenditure being \$1.5 million higher than plan.

Council is forecasting capital expenditure of \$49.3 million; this is \$4.8 million lower than budget.

Summary financial performance

	YEAR TO DATE \$000				ANNUAL \$000			
	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE	ORIGINAL BUDGET	BUDGET	FORECAST	VARIANCE
Operating revenue by class	85,931	86,340	91,218	4,878	134,022	138,941	138,901	(40)
Operating expenditure by class	70,986	71,395	70,867	528	146,758	151,827	153,359	(1,532)
Total operating surplus (deficit)	14,945	14,945	20,351	5,406	(12,737)	(12,887)	(14,458)	(1,571)
Capital revenue	3,082	3,380	3,527	147	7,144	18,466	19,559	1,093
Total surplus (deficit)	18,027	18,325	23,878	5,553	(5,593)	5,579	5,101	(478)
Capital expenditure	18,875	18,602	12,732	5,870	51,505	54,121	49,343	4,777

PEOPLE AND CULTURE

Work on the Council's People Plan (Toi Tangata) is well underway to ensure that our organisation and people are able to deliver for the community.

HEALTH AND SAFETY

Council has had an increased focus on mental health awareness during the quarter, as well as promoting sun awareness for staff and contractors. For details regarding the actions taken, please see the Health and Safety section. There was one notifiable event during the quarter.



Financial Performance

Ngā whakatutukitanga ahumoni

*To achieve our Annual Plan 2020/21
Community Outcomes we need to deliver
our work programmes efficiently and effectively.*

We regularly monitor, evaluate and forecast our financials and key performance indicators to enable timely, accurate and targeted performance information for key decision making processes. The following provides an update on our financial performance for the six months ending 31 December 2020.

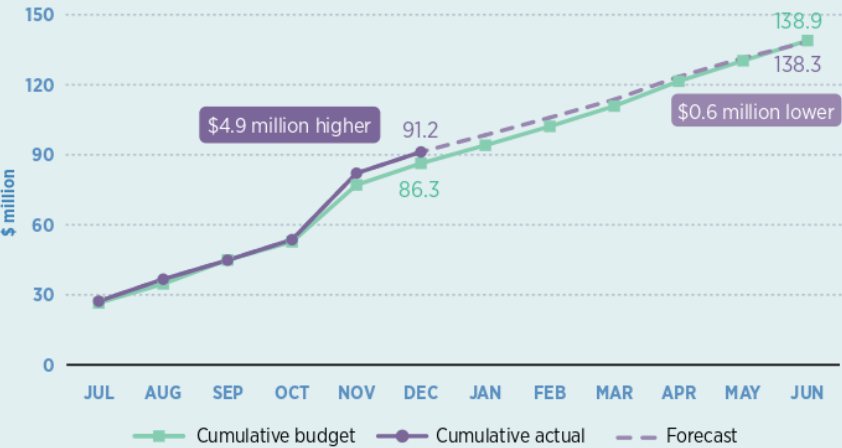
STATEMENT OF REVENUE AND EXPENSE BY CLASS – OPERATING AND CAPITAL

The statement provides year to date financials for the six months ending 31 December 2020, and annual (full year) forecast.

	YEAR TO DATE \$'000					ANNUAL \$'000					PRIOR YEAR \$'000	
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE		ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE		BUDGET	ACTUAL
OPERATING REVENUE												
Rates	29,543	29,543	29,780	237	Higher	57,198	57,198	57,225	27	Higher	56,913	57,239
Dividends	33,200	34,325	34,853	528	Higher	33,200	35,450	35,978	528	Higher	32,200	32,186
Finance revenue	2,890	1,765	1,871	105	Higher	5,781	3,531	3,364	(167)	Lower	6,528	5,228
Internal interest	2,156	2,156	2,341	185	Higher	4,312	4,312	4,497	185	Higher	6,436	5,541
Fees and charges	6,906	6,906	6,352	(554)	Lower	11,114	11,114	10,757	(357)	Lower	11,566	9,916
Other revenue	11,236	11,645	16,021	4,376	Higher	22,417	27,336	27,080	(256)	Lower	20,469	23,810
Total operating revenue	85,931	86,340	91,218	4,878	Higher	134,022	138,941	138,901	(40)	Lower	134,111	133,920
OPERATING EXPENDITURE BY CLASS												
Employee expenses	21,425	21,425	21,630	(205)	Higher	42,749	42,749	42,831	(82)	Higher	40,327	39,905
Contractors and consultants	25,746	25,746	25,059	687	Lower	53,562	53,662	53,562	100	Higher	46,146	45,450
Finance costs	1,628	1,628	1,729	(101)	Higher	3,258	3,258	3,450	(193)	Higher	3,547	3,185
Internal interest	2,156	2,156	2,341	(185)	Higher	4,312	4,312	4,509	(197)	Higher	6,436	5,541
Other expenditure	20,031	20,439	20,108	331	Lower	42,878	47,847	49,007	(1,160)	Higher	44,032	49,952
Total operating expenditure	70,986	71,395	70,867	528	Lower	146,758	151,827	153,359	(1,532)	Higher	140,487	144,033
Total operating surplus (deficit)	14,945	14,945	20,351	5,406	Favourable	(12,737)	(12,887)	(14,458)	(1,571)	Unfavourable	(6,376)	(10,113)
Total capital revenue	3,082	3,380	3,527	147	Higher	7,144	18,466	19,559	1,093	Higher	9,022	10,138
Total surplus (deficit)	18,027	18,325	23,878	5,553	Favourable	(5,593)	5,579	5,101	(478)	Unfavourable	2,647	25
Total capital expenditure	18,875	18,602	12,732	5,870	Lower	51,505	54,121	49,343	4,777	Lower	59,354	36,402

Operating Revenue

The graph shows annual revised budget against actuals (months one to six) and financial forecast (month seven to twelve).



TOP 5 VARIANCES	YEAR TO DATE \$000				ANNUAL \$000			
	ACTIVITY	REVISED BUDGET	ACTUAL	VARIANCE	REVISED BUDGET	FORECAST	VARIANCE	
	Rotorua Lakes	5,222	2,855	(2,367) Lower	10,717	8,350	(2,367) Lower	
	Finance and Corporate Planning	17,752	18,851	1,100 Higher	2,193	3,413	1,220 Higher	
	Passenger Transport	16,176	17,704	1,529 Higher	30,475	31,011	536 Higher	
	Biosecurity	3,063	6,164	3,101 Higher	8,263	8,624	362 Higher	
	Corporate Property	-	200	200 Higher	394	219	(176) Lower	

FULL YEAR FORECAST VARIANCE
EXPLANATIONS - OPERATING REVENUE \$000

- Rotorua Lakes:** \$2,367,000 lower

MfE operating grants is lower than plan due to a forecast underspend in the Rotorua Te Arawa Lakes land use change incentives programme.
- Finance and Corporate Planning:** \$1,220,000 higher

Additional treasury/subvention revenue is forecast.
- Passenger Transport:** \$536,000 higher

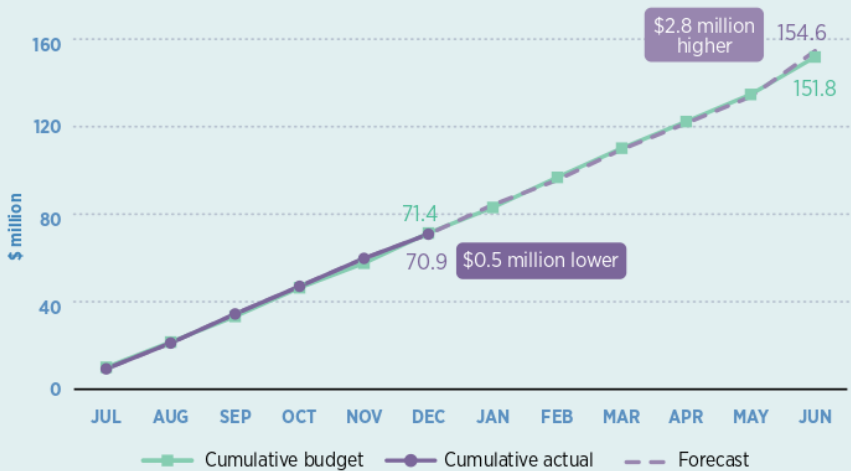
Additional revenue from Waka Kotahi is forecast. This is partially offset by reduced fare revenue arising from Covid-19 and the implementation in July of the Bee-Card ticketing solution. The annual contribution for Super Gold Card has also been received.
- Biosecurity:** \$362,000 higher

Funding for Marine Biosecurity has been received in advance. However this is offset with a forecast overspend in operating expenses.
- Corporate Property:** \$176,000 lower

Rental income from Regional House is \$319,000 lower than plan; this is being partially offset with unbudgeted gains on asset disposals.

Operating Expenditure

The graph shows annual revised budget against actuals (months one to six) and financial forecast (month seven to twelve).



TOP 5 VARIANCES	YEAR TO DATE \$000				ANNUAL \$000			
	REVISED BUDGET	ACTUAL	VARIANCE		REVISED BUDGET	FORECAST	VARIANCE	
Rotorua Lakes	6,480	4,684	1,796	Lower	15,229	12,596	2,633	Lower
Finance and Corporate Planning	4,292	4,609	(317)	Higher	7,811	8,548	(737)	Higher
Emergency Management	1,607	1,011	596	Lower	2,814	2,121	693	Lower
Regional Planning	3,406	3,200	207	Lower	6,812	7,477	(665)	Higher
Rivers and Drainage	6,048	7,389	(1,341)	Higher	12,936	13,568	(632)	Higher

FULL YEAR FORECAST VARIANCE
EXPLANATIONS - OPERATING EXPENDITURE \$000

Rotorua Lakes: \$2,633,000 lower
An underspend is forecast in the Rotorua Te Arawa Lakes land use change incentives programme. The proposed budgets for 2021/21 to 2026/27 have been re-phased to reflect the expected uptake over the life of the deed. Appeals to proposed Plan Change 10 were resolved in the Environment Court in December 2020.

Finance and Corporate Planning: \$737,000 higher
Contractors have been used to investigate rating opportunities which have been presented to council, and a Social Procurement Framework.

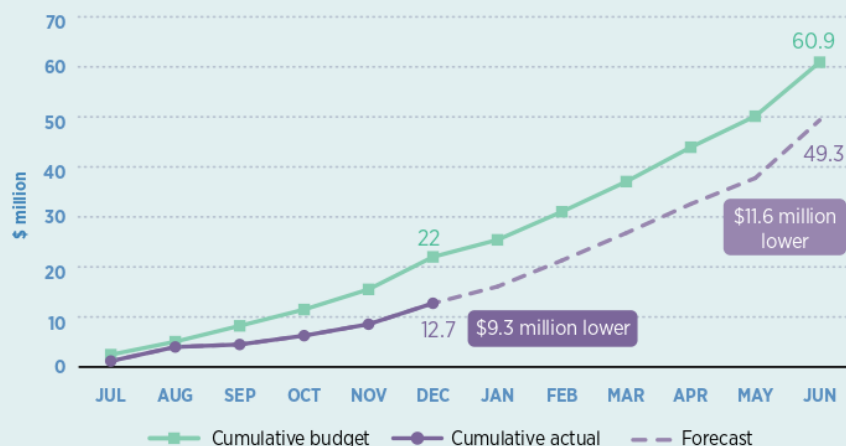
Emergency Management: \$693,000 lower
The forecast COVID-19 costs for FY2020/21 are less than anticipated at this stage. Unspent funds accumulate in the CDEM reserves.

Regional Planning: \$665,000 higher
There is a forecast overspend mainly due to unbudgeted legal and consultant fees for various plan changes \$347,000, together with a late 2019/20 invoice from TCC for SmartGrowth / UFTI grant contributions \$450,000.

Rivers and Drainage Schemes: \$632,000 higher
Additional contractor resource has been used to cover a staff vacancy and administration of central government funded projects which is partly offset by lower use of consultants. Write down of the value of rivers and drainage assets as a result of this years revaluation.

Capital Expenditure

The graph shows annual full year budget against actuals (months one to six) and financial forecast (month seven to twelve).



TOP 5 VARIANCES	YEAR TO DATE \$000			ANNUAL \$000		
	REVISED BUDGET	ACTUAL	VARIANCE	REVISED BUDGET	FORECAST	VARIANCE
Corporate Property	4,797	3,944	853 Lower	8,836	5,741	3,095 Lower
Kaituna	1,131	550	581 Lower	1,583	900	682 Lower
Rivers and Drainage Schemes	8,665	6,734	1,932 Lower	31,388	31,036	351 Lower
Data Services	210	52	158 Lower	571	356	214 Lower
Information and Communication Technology	1,069	813	255 Lower	1,937	1,769	168 Lower

FULL YEAR FORECAST VARIANCE EXPLANATIONS - CAPITAL EXPENDITURE \$000

Corporate Property: \$3,095,000 lower

The large forecasted underspend is primarily due to the Buildings Upgrade Project. The Group Emergency Coordination Centre will now be designed and refit in Regional House Tauranga throughout 2021.

Kaituna: \$682,000 lower

Forecasted underspend is due to an additional culvert not being required on the Te Pourepo o Kaituna project.

Rivers and Drainage: \$351,000 lower

There has been good weather conditions during the construction season and consequently, the forecast variance is largely on budget. This is despite a shortage of rock, and the reprogramming of some of the Crown funded resilience projects.

Data Services: \$214,000 lower

Forecasted underspend expected on the annual replacement project and the radio telephone project.

Information and Communication Technology: \$168,000 lower

Forecasted underspend is due to the CDEM Wallingford House project moving out of this year.



Treasury Performance Update

INVESTMENTS

Our total investment portfolio is \$289.4 million including \$50 million on-lent to Quayside Holdings Limited (Quayside), with the allocation by cash reserve shown in the graph.

The portfolio has a weighted average yield of 1.81%.

The Toi Moana Trust is targeted to pay a distribution of \$2.25 million for the 2020/21 financial year.

Forecast interest revenue is \$3.4 million compared to the annual budget \$3.5 million.

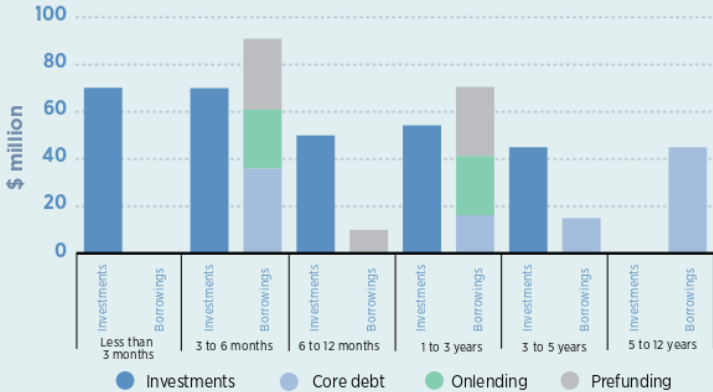
**Current
Credit Rating**
AA
*Reaffirmed at AA
with stable outlook
in June 2020*

BORROWINGS

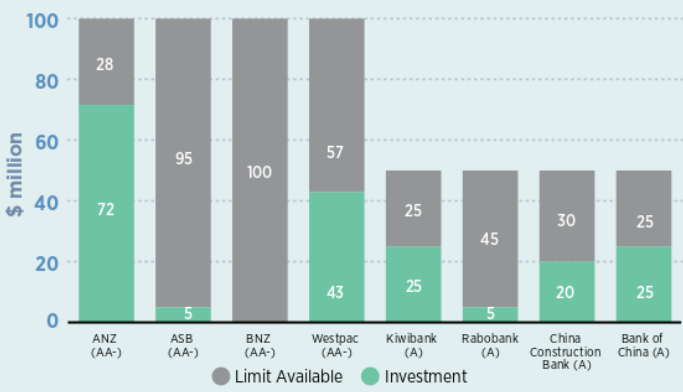
Council has borrowed \$231.4 million from the LGFA, with \$50 million on-lent to Quayside. \$112.2 million of this is core debt, and \$69.25 million invested in term deposits.

Total interest expense to date is \$1.7 million, with a forecast year end total of \$3.4 million. The average weighted interest rate on borrowing at 31 December 2020 is 1.5%.

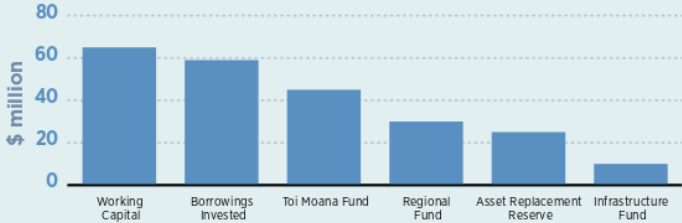
MATURITY PROFILE - BORROWINGS AND INVESTMENTS



INVESTMENT EXPOSURE BY COUNTERPARTY



CASH FUND BY RESERVES



Ratio	Policy Limit	Actual to date	Forecast to date	Compliant with Treasury Policy
% of net interest expense of total revenue	<20%	-0.2%	0%	✓
% of net external debt of total revenue	<300%	-19%	-23%	✓
% of net interest of rates and levies	<30%	0%	0%	✓
% of available financial accommodation of external debt	>110%	-7%	-13%	✓



Service Delivery Performance

Ngā whakatutukitanga-a-ratonga

Our work is carried out across 33 activities, which are organised into nine groups of activities. These nine groups deliver services and infrastructure, and perform the functions that enable us to deliver on the Community Outcomes outlined in our Strategic Framework.

Each Group of Activities has performance targets set through our Long Term Plan 2018-2028 that indicate how well we are delivering our services to the community.

HIGHLIGHTS

Quarter two has continued the positive trend from quarter one, with a majority of reported measures on track. As it is still early in the year, however, a significant portion of the measure are yet to be reported on. Council will continue efforts to monitor and deliver progress in the coming quarters. Highlights include:

- 79% of Tauranga and Rotorua bus users were satisfied overall with their most recent bus trip, exceeding the target of 77%.
- The percentage of issued discounts due to Council exceeding the statutory processing timeframe for consents is currently at 0.9%, largely due to process improvements in the Resource Consents team. This is well ahead of the result for the same period last year (3.3%), and the annual target of less than 5% issued discounts.
- 97% of customers were satisfied with Council's response to substantiated complaints about RMA non-compliance, up from 89% for the same period last year and ahead of the annual target of 80%.

PERFORMANCE SUMMARY - QUARTER TWO

During 2020/21, we are due to monitor and report on 33 performance measures. At the end of quarter two, the graph to the right shows that;

- 21 measures are forecast to achieve their end of year targets. (64%)
- 2 measures are not on track, and are forecast to be at risk of not achieving the target by the end of the year. (6%)
- 9 measures are reported on annually or are not due for reporting yet and results will be reported on when data is available. (27%)
- 1 measure have no data available due to changes to the Regional Economic Development activity that the measure relate to. (3%)

QUARTER TWO PERFORMANCE RESULTS BY GROUP OF ACTIVITY



Further details regarding all of the measures is provided on the following pages.

PERFORMANCE MEASURES 2020/21 - SUMMARY OF RESULTS - QUARTER TWO

Group of Activities	Performance Measure	Full Year 2019/20	Target 2020/21	Quarter 2 2020/21	End of year forecast
Integrated Catchment Management	Number of new Priority Biodiversity Sites actively managed	6	4	7	●
	Monitored river and stream sites that meet the 'Swimmability' requirements (%)	79%	75%	●	●
	Number of Rotorua Lakes that have reached their Trophic Level Index (TLI)	4	3	●	●
Flood Protection and Control	Maintenance, repairs and renewals completed in accordance with the R&D Asset Management Plan (%)	90%	90%	29%	●
	Flood warnings that are given in accordance with the flood warning manual (%)	100%	90%	100%	●
Resource Regulation and Monitoring	Regional Pest Management Plan is maintained, plans for new pest incursions developed and annual reports prepared	100%	100%	100%	●
	Replacement of non-compliant burners in Rotorua Airshed attributed to the Rotorua Air Quality programme	280	200	90	●
	Consent applications issued discounts due to Council exceeding statutory processing timeframes (lower is better)	2.8%	≤5%	0.9%	●
	Customers who are satisfied overall with the service provided during the consents process (%)	84%	80%	83%	●
	Urgent complaints made to the pollution hotline that are responded to within 12 hours (%)	100%	95%	100%	●
	Customers satisfied with response to substantiated complaints about RMA non-compliance (%)	88%	80%	97%	●
	Monitoring inspections that occur as per the frequency specified by the RMA and BA Charges Policy (%)	85%	90%	84%	●
	Navigation aids rated as 'good' quality or higher (%)	99%	90%	99%	●
Transportation	Oil spills in Tauranga are responded to within 30 minutes and all others are responded to within two hours (%)	100%	95%	100%	●
	Number of passenger transport trips taken in the region	2,375,740	2,954,000	1,352,317	●
	New Zealand Transport Authority Audit recommendations implemented	100%	100%	100%	●
	Tauranga and Rotorua bus users satisfaction (%)	N/A	77%	79%	●
Regional Development	Planning and policy reports that are rated satisfactory or higher (%)	100%	80%	●	●
	Number of visitors to our Regional Parks	119,256	110,000	57,624	●
	Sector strategies are reviewed and updated every three years	N/A	1	●	●
Regional Planning and Engagement	Completed Environmental Enhancement Fund projects that have achieved their goals (%)	100%	80%	100%	●
	Council and Committee meeting agendas that are available at least two working days before scheduled meetings (%)	97%	95%	100%	●
	Draft Council and Committee meeting minutes that are published within 10 working days (%)	89%	95%	96%	●
	Regional Planning – Planning and policy reports that are rated satisfactory or higher (%)	100%	80%	●	●
	Level of satisfaction of Komiti Māori that the information provided meets their terms of reference	100%	80%	●	●
	Kaupapa Māori that are raised at Komiti Māori are actioned, resolved & reported (%)	100%	80%	●	●
	Geothermal – Planning and policy reports that are rated satisfactory or higher (%)	100%	80%	●	●
Emergency Management	Roles that have been identified and staffed for 24 hour operation of the Emergency Coordination Centre (%)	85%	85%	100%	●
	Staff identified for roles in the Emergency Coordination Centre that are trained to an appropriate level (%)	89%	85%	80%	●
	Number of Council delivered initiatives to promote community resilience and safety	6	8	●	●
Technical Services	Availability of real-time deliverable environmental data through website (%)	99%	95%	97.2%	●
	Number of environmental indicators with online scorecards	9	10	9	●
Corporate Services	Reduction of carbon emissions from building energy use at the Tauranga and Whakatāne sites	48%	≤50%	●	●

*Please refer to the [Long Term Plan 2018-2028](#) for the full title and definition of the performance measures listed in the table above.

● On Track ● Not on track ● Data due later in the year ● Not applicable

PERFORMANCE COMMENTARY

The exception based reporting below provides commentary regarding measures that are currently not on track, or forecasted to be 'at risk' of not being achieved. Council monitors the measures throughout the year to enable proactive action to improve performance.

<i>Group of Activity</i>	<i>Performance Measure</i>	<i>Year to Date Result</i>	<i>Target</i>	<i>End of Year Forecast</i>	<i>Comment</i>
Resource Regulation & Monitoring	Replacement of non-compliant burners in the Rotorua Airshed attributed to the Rotorua Air Quality Programme	90	200	At risk	While performance in Quarter One and Two has been reasonably strong, the measure is forecast at risk for the full year. Currently, 90 burner replacements have been attributed to the program, as compared to 166 replacements for the same period last year. This is likely due to the high number of removals or replacements that have already occurred. More than 80 percent of non-compliant solid fuel burners in the airshed have already been removed or replaced.
Transportation	Number of passenger transport trips taken in the region	1,352,317	2,954,000	At risk	Passenger patronage in Quarter Two was 609,868, a decrease of 8% on the same quarter last year. With the exception of November, patronage numbers continued to decline month on month in most areas, following the lifting of 2020 COVID-19 restrictions. Tauranga Schools was a clear exception, with an 88.5% increase on Quarter Two prior year (2020/21 126,807 vs 67,269 in 2019/20). The full year forecast indicates that the target will not be achieved.



Health and safety

Te Hauora me Te Haumaru

Elected Members, as “Officers” under the Health and Safety at Work Act 2015 (the Act) are responsible for ensuring that Council complies with the statutory requirements of the Act and its associated regulations. Officers meet this requirement by satisfying themselves that due diligence elements are being met. This report is provided to help inform Elected Members in fulfilling that duty.

Current and future work

WELLBEING

Health and safety focus for the quarter was on maintaining mental wellbeing after a long challenging year, as well as working with sun smart awareness leading into the summer months.

SUMMER STUDENTS

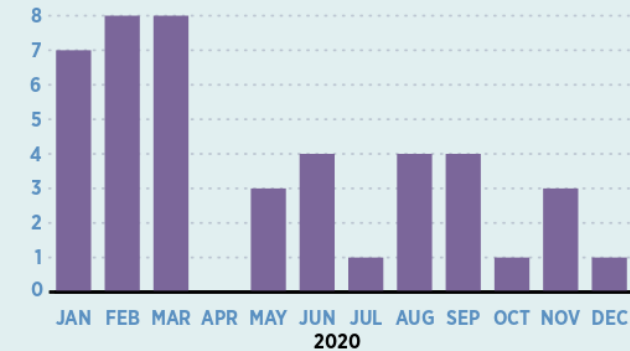
Summer experience workers were trained in a wide range of activities to keep them safe during their program at BOPRC and future endeavours, resulting in the high level of training activity seen in November 2020.

Notifiable Events

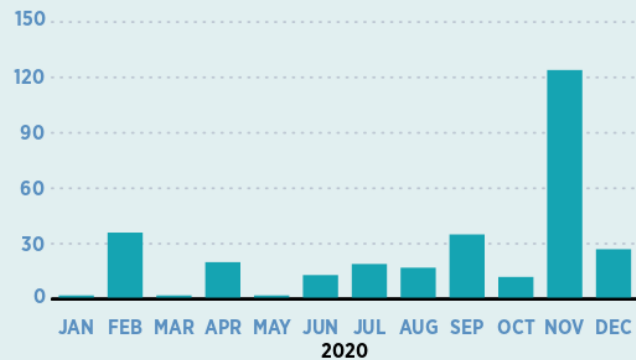
There was one notifiable event during the quarter involving a contractor loading sheet piles on to a truck. As the load was lowered the piece of timber separating the load snapped and struck the contractor, resulting in the contractor being knocked unconscious and a fractured jaw. The contractor was taken to hospital for medical treatment.

Lead Health & Safety Indicators

NEAR MISSES REPORTED PER MONTH,
LAST 12 MONTHS

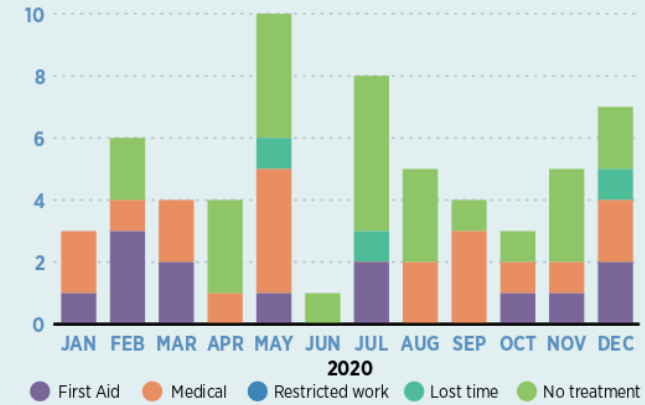


NUMBER OF STAFF THAT HAVE COMPLETED H&S
TRAINING PER MONTH, LAST 12 MONTHS

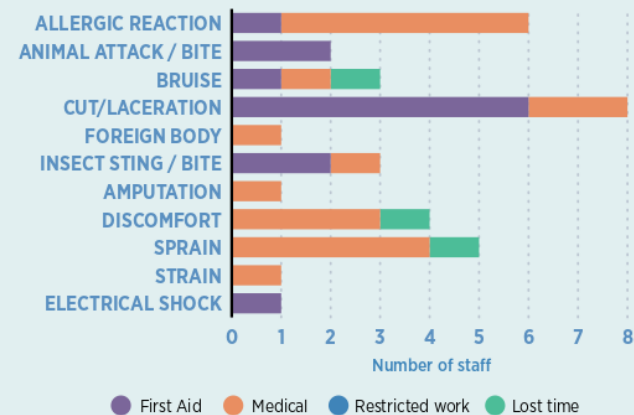


Health & Safety Lag Indicators

INJURIES LAST 12 MONTHS



INJURIES BY CATEGORY LAST 12 MONTHS





People and culture

Pūmanawa Tangata

*Our people work to deliver the services,
infrastructure and functions for our communities
as agreed through the Long Term Plan 2018-2028*

Strategy and Key Projects

Projects

PEOPLE PLAN (TOI TANGATA)

Current and Future work

Work on the Council's People Plan (Toi Tangata) is well underway to ensure that our organisation and people are able to deliver for the community through great leadership and capability now and into the future.

People and Turnover Key Performance Indicators

HIGHLIGHTS

- Employee levels as at 31 Dec 2020 comprised a headcount of 466 which equated to 437 FTE.
- Total headcount includes permanent and fixed term employees. Permanent FTE numbers increased from 407.77 to 413.55 over the quarter. Rolling turnover percentage decreased during the quarter from 9.38% to 8.85%. Several key metrics are presented in the figures below.

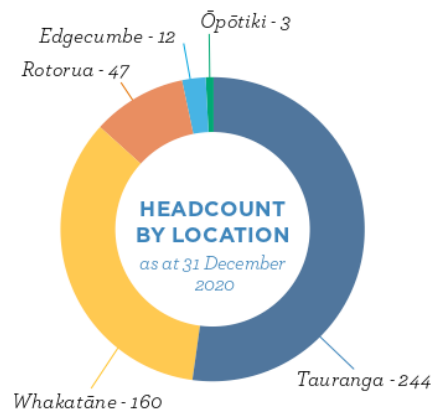
Several key metrics are presented on this page.

HEADCOUNT BY GENDER

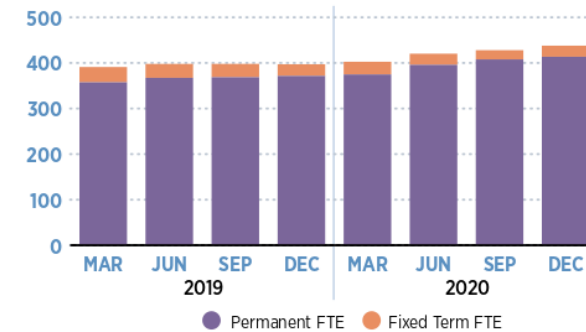
as at 31 December 2020



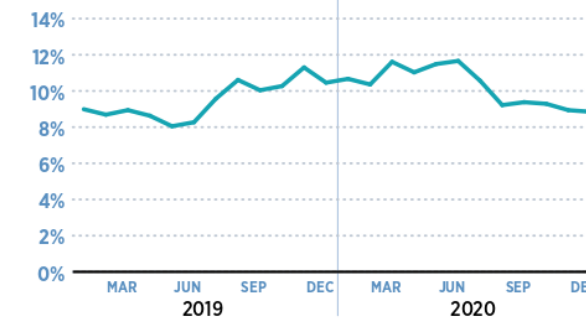
During the last 12 months, female headcount has increased by .02%



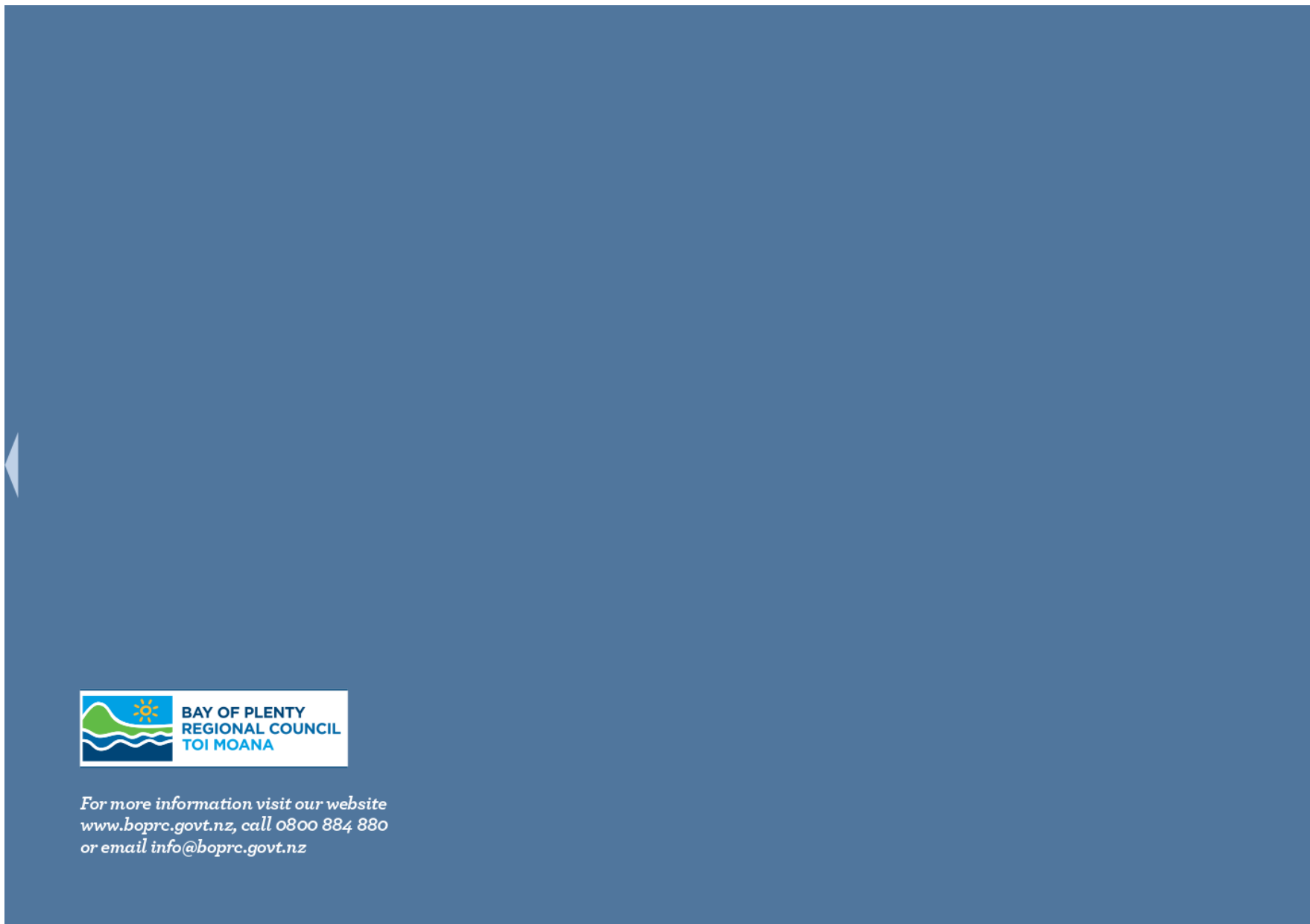
PERMANENT & FIXED TERM FULL TIME EMPLOYEES, last two years



ROLLING STAFF TURNOVER, last two years



Item 9.7, Attachment 1



For more information visit our website
www.boprc.govt.nz, call 0800 884 880
or email info@boprc.govt.nz

ITEM 9.7

PUBLIC EXCLUDED ATTACHMENT 2

Arotake Q2 - Appendix 2 Bancorp - Confidential Treasury Report December 2020

ITEM 9.7

PUBLIC EXCLUDED ATTACHMENT 3

Arotake Q2 - Appendix 3 Toi Moana Trust - Quarterly Report - December 2020