Annual Report

And Consolidated Financial Statements for the Year Ended 30 June 2015

BAY OF PLENTY REGIONAL COUNCIL
TOI MOANA

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Foreword

We are delighted to present this Annual Report on our achievements for the 2014/15 financial year. We've focused on delivering what we said we would do for Year Three of our Ten Year Plan 2012-2022.

Our operating environment continued to change, and that influenced our work programmes during the year. For example, changes to the Local Government Act changed the way we developed and consulted on the Long Term Plan 2015-2025. This also gave us the opportunity to review our Strategic Framework and adopt the vision and values for Council, and also a new structure of Community Outcomes and Activities to help us better deliver for our Community.

We allocated additional resources to the Water Management Programme to support detailed planning and gathering of additional data. We are focused on developing and implementing plans for water quality in the Rangitaiki and Kaituna/Maketu and Pongakawa/Waitahanui Catchments, and developing a Draft Regional Water Quality Plan change to better manage water use.

Work on the Rotorua Lakes continues to be a significant part of our work programme. The bulk of work in the Programme this year has been on implementing the integrated framework and planning engineering solutions to improve the water quality of Lake Rotorua while continuing short term interventions and preparing for the Gorse Conservation Fund.

The Tauranga Harbour Programme made good progress during the year and we continue to work with tangata whenua, district councils, Government agencies and community organisations to deliver a coordinated programme of work in this catchment. Legislation that is likely to establish a governance group to prepare the "Ngā Tai ki Mauao" (Tauranga Moana framework document) is unlikely to be passed until July 2016. Staff are working on an information database for the harbour that will be relevant to the purpose, extent and scope of Ngā Tai ki Mauao.

Another major project this year was our River Scheme Sustainability project. We need to reduce the long-term risk of flooding across the region while encouraging economically sustainable land use. During the year we worked on the investigation phase of the project which is due to be completed in September 2015. This work had a significant impact on our Infrastructure Strategy and Asset Management Plans.

The Kopeopeo Canal remediation is another of our high priority projects. Appeals to the consent have been resolved and key structures and personnel to manage the project are in place.

We have invested in our information technology to improve business processes, provide better mobile solutions and access to Council data for the public; and upgraded the Technology One Finance and Human Resource system to simplify finance structures and processes.

Council undertook a fit out of new leased premises in First Avenue, Tauranga to include staff accommodation and Council meeting facilities.

Challenges lie ahead for several of our focus areas, notably for the Water Management Programme. Our operating environment continues to be challenging. We set ourselves some substantial goals for this past financial year, and are pleased to report considerable progress.

Douglas Leeder, **Chairman**

Mary-Anne Macleod, **Chief Executive**

Highlights of our year

This year, Bay of Plenty Regional Council focused on delivering what we said we would do in Year Three of the Ten Year Plan 2012-2022, as amended and updated by the Annual Plan 2014/15. Our operating environment continued to change, and that influenced our work programmes during the year. For example, changes to the Local Government Act changed the way we developed and consulted on the Long Term Plan 2015-2025.

Achievements and challenges for our focus areas

Water Management Programme

In 2014/15 Council allocated additional resources to the Water Management Programme to support detailed planning and gathering of additional data. Focus areas for the Water Management Programme included:

- Identifying gaps for two priority Water Management Areas (WMAs), the Rangitāiki and Kaituna/Maketū and Pongakawa/Waitahanui. We will address these gaps in 2015/16 to ensure we have robust information for decision making.
- Engaging with the community to seek expressions of interest for joining community groups in the two priority WMAs.
- Developing a Draft Regional Water Allocation plan change.
- Establishing a Regional Advisory Panel to provide Council with advice on key water management issues.

Rotorua Lakes

The Rotorua Lakes Programme has completed (or continues to implement) all the nutrient reduction interventions for three of the four deed-funded lakes. Rotoiti sewerage reticulation is controlled by Rotorua Lakes Council control and has been delayed until 2018/19.

A land use change agreement in the Lake Rotoehu catchment is signed and is due to meet unconditional requirements in 2015.

The bulk of work in the Programme this year has been on implementing the integrated framework and planning engineering solutions for Lake Rotorua, while continuing short term interventions. A decision was made to defer the construction of the Tikitere Zeolite Plant until 2018/19, however work has continued on preparing the site and obtaining resource consents.

This year the Incentives Board was appointed and the scheme established. Following more than two years of work with the Lake Rotorua Stakeholder Advisory Group, draft rules for the Lake Rotorua catchment were released for public submissions and as a result of feedback received, substantial modifications were made to the rules framework. Since then work has continued with the community to finalise the details of the draft rules and document the process of their development.

Take up of the Gorse Conservation Fund has been slow and no agreements have yet been signed. An aerial inspection of flowering gorse in the catchment was undertaken by Landcare Research. This enabled staff to target large blocks of gorse for removal in 2015/16.

The Rotorua Lakes Catchment target of 5.4 km for stock exclusion was exceeded with 5.5 km completed. This amounted to 13 hectares of land use change.

Tauranga Harbour and Catchment

The Tauranga Harbour Programme progressed well during 2014/15. We have continued to work with tangata whenua, district councils, Government agencies and community organisations to deliver a co-ordinated programme of work in Tauranga Harbour and its catchment.

Development of the Tauranga Harbour and Catchments Strategy was put on hold because the Tauranga Moana Iwi Collective settlement has been delayed with legislation unlikely to be passed until July 2016. Legislation is expected to establish a Governance Group that will be required to prepare the Ngā Tai ki Mauao (Tauranga Moana framework document). Iwi do not want to start this process ahead of legislation. Instead, staff worked on an information database for the harbour. The information database captures work that has been, and is being, done in the Harbour and will be relevant to the purpose, extent and scope of Ngā Tai ki Mauao.

The Tauranga Harbour Catchment target of 12.8 km for stock exclusion was exceeded with 18.18 km completed. In addition a further 25.6 kms was protected from stock in the remaining catchments. This amounted to 912 hectares of land use change.

Flood Risk and River Scheme Sustainability

The Regional Council has been working with Western Bay of Plenty District (WBOPDC) and Tauranga City (TCC) Councils on the development of the Flood Risk Management Framework. A framework was adopted in 2013/14 and two pilot catchments were selected to trial the framework. During the past year further catchments were added to the pilot catchments so that there are now four pilot catchments being worked on.

Work is progressing through the second phase of the Flood Risk Management framework, analysis and assessment. Catchment modelling work is underway in the WBOPDC and TCC catchments to trial the various solutions.

Work in the Wainui Te Whara catchment has progressed further to the point where a preferred solution has been selected by Whakatane District Council (WDC) and final design work is underway. Initial contact has been made with Rotorua Lakes Council on the framework and there has been an undertaking that work on the Utuhina catchment will commence in 2016/17. A joint catchment modelling exercise with Ōpōtiki District Council has also been worked on during 2014/15 and the second stage of this modelling is to be undertaken in 2015/16.

The purpose of the River Scheme Sustainability Project is to develop a strategic framework and actions to guide management of Bay of Plenty River Schemes across future generations stretching out to the year 2100.

A business plan for the River Scheme Sustainability Project was approved in 2013 consisting of four phases:

1. Philosophy and Vision.
2. Investigation.
3. Analysis.
4. Framework.

The aim of Phase 2 (years 2013-15) was to undertake investigations into factors affecting the schemes and to establish the foundations of the project. Four initial work-streams (Economic Analysis, Flood Risk Gap Analysis, Rating Assessment and Communications) were subsequently expanded to seven to include Ownership and Governance, Optioneering, and Climate Effects. The scope expansion resulted in the completion date for Phase two being extended until September 2015. Phase two has had a significant impact on the Rivers and Drainage Asset Management Plan, 30-year Council Infrastructure Strategy and the Long Term Plan 2015-2025.

Other activities of note

Rena Recovery

The Rena Recovery Programme (funded by the Ministry for the Environment) was successfully overseen by Council and completed.

Management of the Rena exclusion zone has continued during 2014/15. We reviewed and contributed to technical reports around the future of the wreck.

Kopeopeo Canal Contamination Remediation Project

The Kopeopeo Canal remediation continued to be a high priority project in 2014/15. The resource consent applications (to Whakatāne District Council and Bay of Plenty Regional Council) cover the remediation of the Kopeopeo Canal by transferring the sediment to three containment sites where treatment using bioremediation can occur naturally over time. Key milestones achieved during 2014/15 include:

- Settlement of the appeal of the consent;
- Purchasing a new containment site in relation to the appeal settlement;
- Appointment of individuals to fulfil key roles in the project including the project manager, engineer to the contract, cultural monitor, and independent monitor;
- Forming the Community Liaison Group to ensure there is a good conduit for information transfer between the project and the community; and
- Continued evaluation of an alternative remediation methodology, including lodging of a resource consent application to trial the methodology.

Civil Defence

We have completed a major review of the operational delivery for Civil Defence Emergency Management. This has resulted in the development of a new centrally managed/locally delivered model for the Region with all Civil Defence staff now employed by the Bay of Plenty Regional Council.

Emergency management staff will work in a single team to deliver a coordinated and regionally consistent service to our communities from 1 July 2015.

In October 2014 the Group Emergency Coordination Centre was relocated from Mount Maunganui to Tauranga, which resulted in an increase in resilience of the facility. We have completed phase one (discovery) of the Group Emergency Coordination Centre Project. We have confirmed funding in the Long Term Plan 2015-2025 to identify a suitable emergency coordination centre, which could be shared with other emergency services.

Corporate efficiency and effectiveness

Council commenced or completed several key internal improvements this year.

These were:

- An information technology project (Project Accelarate) was initiated. This project will improve business processes, provide better mobile solutions and access to Council data for the public.
- Our finance system (Technology One Finance) and Human Resource system upgrade was completed, simplifying finance structures and processes.
- Video-conference equipment was upgraded to meet the new Local Government multi-site meeting needs.
- The fit out of new leased premises in First Avenue, Tauranga to provide office accommodation and Council meeting facilities.
- Development and adoption of a Council vision and values; and a new structure of Community Outcomes and Activities through the Long Term Plan 2015-2025.

A summary of our performance

Summary of how we did

31	Achieved	5	Not achieved
5	Not applicable/no data available		

We measure how we are performing through Key Performance Indicators (KPIs). This year we are reporting on 41 KPIs. We achieved 31 targets, did not achieve five, and five targets had no data available for measurement. This means we achieved 86 percent of the KPIs that were available to measure.

Further details on our KPIs can be found under each Activity.

Group financial performance

Our consolidated group results include the operating revenue and expenses for Council, and for our 100 percent Council-owned subsidiary, Quayside Holdings Limited. Quayside Holdings has a 54.14 percent share in the Port of Tauranga.

The group recorded an operating surplus of $79.6 million (after income tax). This was an increase of $10.4 million compared to last year. The profit from Quayside Holdings Limited increased $7.1 million on the previous year partly due to gains on disposal of investments and unrealised gains on capital investments.

Council financial performance

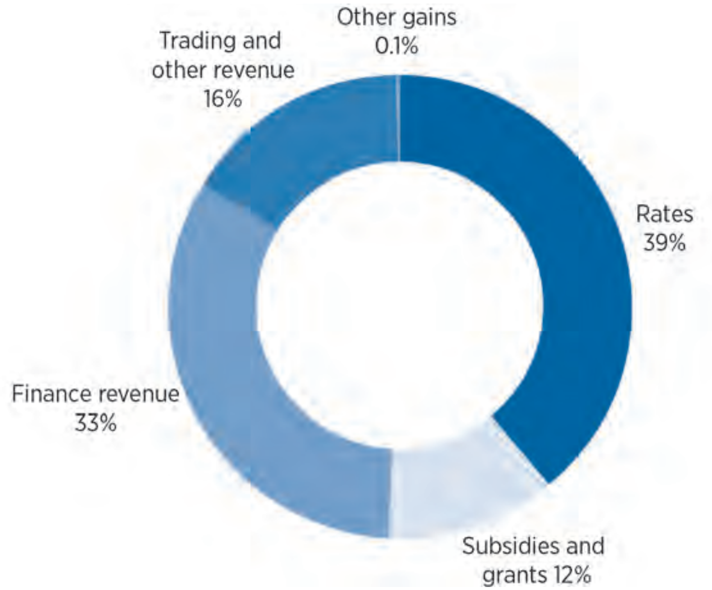
Operating overview

The 2014/15 financial year ended with an operating deficit of $3.6 million, compared to a budgeted deficit of $7.8 million. At an activity level there were a number of variances to budget which contributed to the difference. The major variances contributing to our year end position are discussed in the next pages.

Our revenue

We budgeted to receive $83.4 million in revenue, and received $81.7 million, $1.7 million less than planned.

Where our revenue came from



Rates

This year Council received $32.1 million from rates, very close to a budget of $31.7 million.

Our rates revenue is made up of general rates (based on land value) and targeted rates (levied on those who benefit from the service). General rates made up more than half of our rates revenue during 2014/15.

Rates accounted for approximately 39 percent of Council revenue in 2014/15, the same as last year.

Subsidies and grants

We received $9.7 million in subsidies and grants this year, which was $3 million less than budgeted. This is mainly due to rescheduled works programme in the Rotorua Lakes Programme. The associated funding for Land Incentive and Tikitere de-nitrification project funding was not received as planned in 2014/15 from the Ministry for the Environment (MfE). Also, delays in the consent process for the Kopeopeo Canal project meant that a further $0.67 million of funding from MfE was not received as planned.

Finance revenue

This year we received $26.9 million in finance revenue which was less than budget of $27.5 million. The shortfall was due to interest rates not recovering like the market predicted, therefore the actual interest rates obtained were lower than budgeted. Finance revenue included a dividend from Quayside Holdings of $15.8 million and $11.1 million of interest and other revenue from our investments.

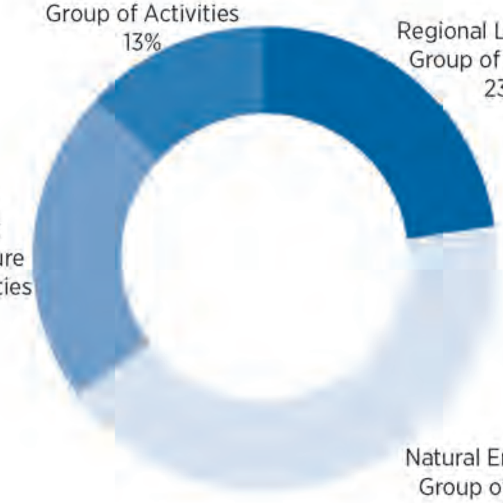
Trading and other revenue

Our trading and other revenue is mainly made up of user fees and charges and other revenue. This year we received $12.9 million, $1.3 million more than budget. This was mainly due to increased landowner contributions for land management projects, increased consent application fees and increased Rivers and Drainage operating revenue.

Our operating expenditure

This year we spent $85.2 million in operating expenditure, providing services to our community as set out in the Annual Plan 2014/15. This was $5.9 million less than budget, mainly due to delays in the funding of a number of the Regional Infrastructure projects.

How our operating expenditure was spent



Trading and other expenses were $9.1 million less than budget. Regional Infrastructure grants were not released and expenditure on Rotorua Lakes land use change did not occur.

Capital expenditure

This year we spent $10.2 million compared to a budgeted $17 million.

We spent $3.9 million on infrastructural assets, with the largest projects being the Rangitāiki - Tarawera Spillway Works and the Kopeopeo Canal Remediation project.

Capital projects totalling $3.9 million planned for 2014/15 were deferred to future years during the Long Term Plan 2015-2025 process. The projects deferred include the Tikitere Diversion project of $2.7 million within the Sustainable Water Activity, ticketing and information systems for the Passenger

Transport Activity of $697,000 and $471,000 within the Corporate activity for the information technology Project Accelarate.

Funding for capital expenditure

We fund our capital expenditure through depreciation, reserves (some replenished by targeted rates) and from capital grants received from Central Government.

Certain infrastructure projects qualify for funding from the Investment Reserve, which holds investments purchased with the proceeds of a previous share issue.

Our balance sheet

The Council's total equity (net assets) at the end of the financial year was $442.9 million, $1.8 million more than budget.

Our assets

Our assets were $495.4 million at the end of the year compared to a budget of $493.1 million. This is mainly due to higher cash and cash equivalents balance held at year end than budgeted.

Included in our receivables are Rotorua Hot Swap Loans. This scheme was launched in August 2010. Since then more than $6 million in loans has been advanced to homeowners to convert to clean heating appliances. These loans will be repaid over a maximum 10 year period through targeted rate.

Our major assets include $280.6 million in property, plant and equipment (mainly infrastructure assets) and $182.3 million in short and long-term financial assets.

Our liabilities

Our liabilities were $52.5 million at the end of the year, which was close to a budget of $52 million.

Our equity

Our equity consists of two categories: retained earnings and reserves. Our reserves are made of past surpluses put aside for specific future expenditure and to reduce rate rises.

Included in our equity at 30 June 2015 is a $121 million investment reserve. This fund was set up with the proceeds of the Perpetual Preference Share issue (PPS) in March 2008 and with other investments held by the Council at the time. The use of the funds in this reserve are subject to a binding ruling issued by Inland Revenue.

At 30 June 2015 Council had allocated all of the original $200 million PPS share issue fund to specific expenditure.

Statement of Compliance

Compliance

The Council and management of Bay of Plenty Regional Council confirm that all statutory requirements in relation to this Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of the Bay of Plenty Regional Council accept responsibility for the preparation of annual financial statements and the judgements used in them, and hereby adopt the financial statements as presented. They also accept responsibility for establishing and maintaining a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting.

In the opinion of the Council and management, the annual financial statements for the year ended 30 June 2015 fairly reflect the financial position, financial performance and service performance achievements of Bay of Plenty Regional Council and Group

Douglas Leeder
Chairman
15 October 2015

Mary-Anne Macleod
Chief Executive
15 October 2015

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Bay of Plenty Regional Council and group's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Bay of Plenty Regional Council (the Regional Council) and group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the Regional Council and group that comprise:
  - the statement of financial position as at 30 June 2015 on page 92 to 93;
  - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 89 to 95; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 101 to 207;
- the statement of service provision (referred to as the group of activities) of the Regional Council and each group of activities carried out by the Regional Council on pages 23 to 88;
- the funding impact statements in relation to each group of activities of the Regional Council on pages 191 to 196;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 23 to 88;
- the funding impact statement of the Regional Council on page 191; and
- the disclosures of the Regional Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 199 to 206.

In addition, the Auditor-General has appointed me to report on whether the Regional Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 197;
  - reserve funds on pages 116 to 118 and 157 to 159;
  - remuneration paid to the elected members and certain employees of the Regional Council on pages 169 to 171;
  - employee staffing levels and remuneration on pages 171;
  - severance payments on page 171;
  - council controlled organisations on pages 97 to 99;
  - rating base units on page 124; and
  - insurance of assets on page 128;
- a report on the activities undertaken by the Regional Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 19; and
- a statement of compliance signed by the chairperson of the Council, and by the Regional Council and group's chief executive on page 11.

Opinion

Audited information

In our opinion:

- the financial statements of the Regional Council and group on pages 89 to 207:
  - present fairly, in all material respects:
    - the Regional Council and group's financial position as at 30 June 2015;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand;
- the group of activities of the Regional Council on pages 23 to 88:
- presents fairly, in all material respects the Regional Council's levels of service for the year ended 30 June 2015, including:
  - the levels of service as measured against the intended levels of service adopted in the long term plan;
  - the reasons for any significant variances between the actual service and the expected service; and
  - complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the Regional Council on pages 191 to 196; presents fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long term plan;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 23 to 88; presents fairly, in all material respects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long term plan or annual plan;
- the funding impact statement of the Regional Council on page 191; presents fairly, in all material respects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan; and
- the disclosures on pages 199 to 206; represent a complete list of required disclosures and accurately reflects the information drawn from Regional Council's audited information.

Compliance with the other requirements of schedule 10

The Regional Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 15 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and group of activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Regional Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported group of activities within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the Regional Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and group of activities that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the Regional Council and group's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long term plan or annual plan;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, the audit of the Regional Council's 2015-25 Long Term Plan and an independent assurance review of the Regional Council's Debenture Trust Deed, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

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

Bay of Plenty Regional Council Outcomes

Our Council outcomes describe what we want to achieve as a regional leader in the Bay of Plenty. They set out how our work will make a difference for our community, and play an important role in shaping the future of the region.

Outcomes are important because they:

- Help us to improve the wellbeing of communities over time in a sustainable way;
- Give a clear picture of our role in contributing to the present and future well-being of the Bay of Plenty;
- Help us prioritise our work and competing demands on our resources; and
- Provide a framework for us to align our activities and outputs, and then to measure the progress we have made.

In this Annual Report you can see which of the Council outcomes benefit from the delivery of each of the five groups of activities.

We have measured progress towards the Council outcomes by carrying out site or user-specific surveys, through our environmental monitoring processes and through internal monitoring of our systems and operations. The relevant responses from the surveys and monitoring programmes have been included in the groups of activities sections.

This is the last year we will use these outcomes as our next annual report will use the five outcomes agreed as part of Long Term Plan 2015-2015.

Our Council outcomes are:

Caring for our region's environment

Environmental Protection

We protect our land, air and water from pollution.

E tiakina e tātau ō tātau whenua, te hau me te wai kei tūkinohia.

Water Quality

The water quality of our lakes, coastal environment and iconic water ways is maintained or improving.

E manaakitia, e whakapaitia rānei te kounga wai o ngā roto, te wāhi takutai me ngā ara wai.

Regional Planning

We have established the region's environmental priorities and strategic direction.

Kua tau i a mātau ngā whakaarotau me te aronga rautaki o te taiao o te rohe.

Environmental Knowledge

We understand more about our environment, how to care for it and how to adapt to change.

E whānui ake te mārama ki tō tātau taiao, te manaaki me te urutau ki ngā rerekētanga.

Caring for our region's environment and furthering the region's prosperity

Resilience and Safety

We are resilient to flooding and natural disaster events and our water ways are safe for a wide variety of users.

E manahau ana mātau ki ngā waipuke me ngā whakawhiu o te ao tūroa, ā, e haumaru ana ngā ara wai mō te hunga whakauru mai.

Furthering the region's prosperity

Resource Development

We harness our region's natural resources with care so they benefit us.

E whakamahi tika ana mātau i ngā rawa tūturu o te rohe kia whiwhi painga ai tātau.

Transport Network

The regional transport network is more efficient.

E tōtika ake te kōtuinga ikiiki o te rohe.

Economic Development

We facilitate projects that boost our economic performance.

E takawaenga ana mātau i ngā kaupapa hāpai ake i tō tātau ōhanga.

Furthering the region's prosperity and working well with others

Regional Initiatives

We lead collaborative initiatives that have a regional sustainable development scope.

E ārahi ana mātau i ngā kaupapa mahi tahi ko tōna aronga he rohe whakawhanake ukiuki.

Working well with others

Regional Collaboration

We pool our resources and work with others to save money and make our work easier.

E tōpū ana mātau i a mātau rawa, mahi hoki me ētahi atu hei penapena pūtea me te whakamāmā i ā mātau mahi.

Māori Participation

We recognise and value engagement and partnerships with Māori.

E whakamana, e uara hoki mātau i ngā mahi whakawhitiwhiti, pātui hoki me te Māori.

Social Contribution

We better understand our contribution to social wellbeing.

E mārama ake mātau ki tā mātau whai wāhitanga ki te oranga pāpori.

Community Involvement

We support the community to be involved in our work and care for our natural environment.

E tautoko ana mātau i te hapori kia whai wāhi mai ki a mātau mahi me te tiaki i te taiao tūturu.

Māori involvement with making decisions

Providing opportunities for Māori to contribute to our decision-making

The Bay of Plenty has the third highest proportion of Māori residents of all Regional Council areas in New Zealand (27.5% of the region's total population: Census 2013). Māori are key players in the region, as they own significant areas of land and natural resources, contribute to economic development, and (through Treaty settlements) co-govern significant waterways to promote improved environmental outcomes.

In 2014/15 Māori perspectives, involvement, and participation were enabled through of the following:

- Continuing to promote the value of the three Māori seats and the respective Māori constituency Councillors.
- Holding Komiti Māori Meetings on the following marae:

  - Hahuru Marae, Onepū.
  - Opureora Marae, Matakana Island.
  - Ōwhata Marae, Ōwhata.
  - Maungatapu Marae, Maungatapu.
  - Rangitihi Marae, Matatā.
  - Tapuaeharuru Marae, Rotoiti.
  - Rongomaihuatahi Marae, Ōmaio.
- Holding consultation hui with Māori to encourage participation in the Long Term Plan 2015-2025.
- Carrying out a review of Komiti Maori to ensure its effectiveness as a platform for Māori to contribute to Council's decision-making.
- Adopting a Māori name for Council, Toi Moana, and for the Māori Committee, Komiti Māori.
- Holding 16 Treaty co-governance meetings for Te Maru o Kaituna/Kaituna River Authority and the Rangitāiki River Forum Meetings (eight for Te Maru o Kaituna and eight for the Rangitaiki River Forum).
- Funding five Māori representatives who successfully completed Hearing Commissioner qualification training.
- Providing advice to the Office of Treaty Settlements on the co-governance arrangements for the Kaituna River and Tauranga Moana (Tauranga Harbour).
- Funding ten hapū/iwi resource management plans.

Understanding our activity reporting

Our activities are sorted into five groups of activities - Regional Leadership, Natural Environment, Sustainable Development and Infrastructure, Flood Protection and Control Works, and Corporate Services.

We provide information at both group and activity levels. This chapter describes each section and heading in our activity reports to help you better understand our reporting.

Our group of activities reporting includes:

What the report describes	What the report looks like
The ***title*** of the group of activities.	**Group of Activities title**
A brief explanation about the group.	**What we do**
An explanation about the individual activities that make up the group - as described in the Annual Plan 2014/15.	**Activity title** The [Activity title] involves...
Contribution to Council outcomes - why we do it.	
We measure our performance - how we did - through Key Performance Indicators (KPIs). This table shows how many KPIs we achieved in the group of activities, how many we did not achieve, and how many are not applicable or for which there was not data available.	**How we did overall** 

What the report describes	What the report looks like
These sections provide details about the individual activities and what they cost. Also included is information on key projects and factors that influenced what we achieved, KPIs and targets, and our non-financial activity performance.	**What we did** **How we did** **What it cost (Activity level)** **Activity financial statement**
What the report describes	**What the report looks like**
These sections provide a summary of our performance across the group of activities, including whether we spent less, the same as or more than we budgeted. The Group of Activities financial statement show sources of operating revenue and expenditure and sources of funding. The Group of Activities capital funding and expenditure statement summarises our capital expenditure and how it was funded.	**What it cost (Group level)** **Group of Activities financial statement** **Group of Activities capital funding and expenditure statement**

A number of changes have been made to the presentation of activity statements compared to the Annual Plan and prior year reported results, however the totals have remained the same as in the prior year and Annual Plan. The changes have been made to improve readability and transparency in the Annual Report.

Regional Leadership Group of Activities

What we do

The Regional Leadership Group of Activities consists of three activities:

- Governance and Accountability;
- Strategic Policy; and
- Sustainable Communities

This group of activities provides support for governing Bay of Plenty Regional Council, and sets high-level strategic direction and policy for the region through consultation with communities. It also monitors and reports on how we are progressing, and involves people in the Council's work and the environment.

Governance and Accountability

The Governance and Accountability Activity contributes to the following Council Outcome:

Regional leadership through action, coordination, support and facilitation

The Governance and Accountability Activity sets out the high-level, long-term direction for the organisation, and ensures that Council conducts its business in an open, transparent and democratically accountable manner. This Activity provides good governance through planning, monitoring and reporting to the community on the Council's activities and performance. This activity also supports elected members to efficiently and effectively preside over Council's functions.

There are two programmes in this activity:

- Governance Services; and
- Organisational Planning and Reporting.

Strategic Policy

The Strategic Policy Activity contributes to the following Council Outcomes:

Regional Planning

Transport Network

Economic Development

Regional Initiatives

Regional Collaboration

Māori Participation

The Strategic Policy Activity provides Council with planning and policy advice which identifies the strategic direction, outcomes, priorities and actions for the region. This activity involves the development of strategies, policies and plans to assist with management of the region's natural and physical resources (including transport networks).

There are three programmes in this activity:

- Statutory Policy, Strategies and Plans;
- Non-statutory Policy, Strategies, Plans and Initiatives; and
- Transport Planning.

Sustainable Communities

The Sustainable Communities Activity contributes to the following Council Outcomes:

Resilience and Safety	Regional Collaboration
Māori Participation	Community Involvement

The Sustainable Communities Activity sets out the key 'people-focused' services we deliver to the community. This activity provides activity to provide opportunities for the community to enjoy, care for, become involved with and learn about the sustainable development of the Bay of Plenty. This activity also helps the community prepare for, respond to and recover from extreme natural and physical events.

There are six programmes in this activity:

- Recreation and Open Space;
- Environmental Enhancement Fund;
- Community Engagement;
- Communications;
- Māori Engagement; and
- Civil Defence Emergency Management.

How we did overall

Summary of how we did

5	Achieved	1	Not achieved
0	Not applicable/no data available		

We achieved five of the six targets for the Regional Leadership key performance indicators (KPIs). We did not achieve the KPI for publication of council meeting agendas and minutes in the Governance and Accountability Activity as we did not deliver all minutes in the five day timeframe.

Governance and Accountability Activity

What we did

A major focus for the year was preparing the Long Term Plan 2015-2025 and meeting new requirements under the amendments to the Local Government Act. The Long Term Plan included a new vision, community outcomes and activity structure. The development of the Long Term Plan included a significant assessment of the role of the Bay of Plenty Regional Council and the opportunities to best deliver on community and legislative requirements. The new Long Term Plan Consultation Document was a successful instrument for public feedback. We received a record 276 submissions. The Long Term Plan was formally adopted on 25 June 2015 with an unmodified audit opinion after meeting all statutory requirements.

The Annual Report for 2013/14 was formally adopted on 9 October 2014 with an unmodified audit opinion after meeting all statutory requirements.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Council promotes good governance and democratic decision-making by being accessible to the regional community			
The percentage of Council's decision-making information that is publicly available by the following time-frames: ▪ Agendas – 2 working days before meetings; and ▪ Draft minutes – 5 working days after meetings (available on website).	Agendas – 100% Draft minutes – 100%		Agendas - Achieved Minutes - Not Achieved Minutes were published on average 10 working days after meetings. Additional demand including unexpected meetings and changes to meeting dates compromised deadlines. The addition of a third committee advisor to the team in 2015/16 will assist to meet demand and time-lines.
Council's long-term planning is integrated [1] and involves public participation. Council reports back to its community fairly and accurately about its activities and performance			
Council receives unmodified audit opinions [2] on its Long Term Plans and Annual Reports.	Unmodified end of year audit from Council's auditors.		Achieved Council has received unmodified audit opinions on the Long Term Plan 2015-2025, Long Term Plan Consultation Document, and 2013/14 Annual Report.

1. *Integrated means that Council's long-term planning is responsive to the economic, environmental, social and cultural state of the region; is financially prudent; is efficient and cost-effective; links financial and non-financial factors; provides regional leadership; takes account of all Council's roles and functions; and reflects Council's priorities.*
2. *Unmodified audit opinions means that the Long Term Plan provides a reasonable basis for long-term integrated decision-making by the Council and for participation in decision-making by the public, and subsequently for Council to report back to its community about its activities and performance. This also means the Annual Report complies with general accepted accounting practice in New Zealand, fairly reflects the Council's financial position and fairly reflects the Council's levels of service provision.*

Achieved   Not achieved   Not applicable/no data available

What it cost

The Governance and Accountability Activity had a variance to budget of $246,000.

Changes in activity structures resulted in additional staffing charges to the Governance Activity, however this was mitigated by savings in the Corporate Services group of activities where the budget was held.

Governance and Accountability activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
2,488	General rates	2,582	2,582
0	Targeted rates	0	0
4,322	Investment income	4,463	4,463
0	Operating grants and subsidies	250	55
93	Other revenue	16	104
0	Fees and charges	0	0
6,903	**Total revenue**	**7,311**	**7,204**
	Operating expenditure by programme		
5,643	Governance Services	6,042	5,364
1,376	Organisational Planning and Reporting	1,524	1,849
7,019	**Total expenditure**	**7,566**	**7,213**
(115)	**Operating surplus (deficit)**	**(255)**	**(9)**
	Reconciliation of operating surplus (deficit)		
267	Transfers to general and special reserves	572	0
(382)	Transfers from general and special reserves	(827)	(9)
(115)	**Operating surplus (deficit)**	**(255)**	**(9)**
	Capital expenditure by programme		
0	**Total capital expenditure**	**0**	**0**
0	Loan repayment	0	0
0	**Total capital funding required**	**0**	**0**

Strategic Policy Activity

What we did

The Strategic Policy Activity has completed several key planning documents and delivered a steady stream of policy work for the region. All targets for producing high quality policy advice in 2014/15 were met.

Statutory Policies, Strategies and Plans

Key achievements in 2014/15 included:

- The Bay of Plenty Regional Policy Statement was approved by Council on 21 August 2014 and was made operative on 1 October 2014.
- Environment Court decisions resolving the final two appeals to the Proposed Change 1 (Coastal Policy) to the Regional Policy Statement concerning natural character of Okurei Point (Maketū) and Motiti coastal waters were received 14 November 2014 and 26 April 2015. Change 1 was made operative and incorporated into the Regional Policy Statement on 3 June 2015.
- Council adopted a Draft Plan Change to the Regional Water and Land Plan outlining regional limits for water allocation on 2 July 2015. Subject to community feedback, a Proposed Plan Change will be publicly notified in 2016.
- Submissions were received and hearings held on the second generation Proposed Regional Coastal Environmental Plan. We received 144 submissions and 52 further submissions. Hearings were held over 12 days in March, April and May 2015 with deliberations concluded in June 2015.
- Proposed Change 2 (Natural Hazards) to the Regional Policy Statement was publicly notified for submissions on 1 October 2014. We received 35 submissions and 18 further submissions. Additional testing was carried out in response to submitter requests. Hearings were held 3-4 June 2015.
- Statutory acknowledgements for Tapuika, Ngāti Rangiwewehi and Ngāti Rangiteaorere iwi were included in Ngā Whakaaetanga-ā-Ture ki Te Taiao ā Toi (Statutory Acknowledgements in the Bay of Plenty) compendium document to the Regional Policy Statement and regional plans.
- Change 2 (Maintenance Zones) to the On-site Effluent Treatment Regional Plan was made operative 12 August 2014.
- We were actively involved in the conclusion of several important district plan appeal proceedings during the year.
- Regional Council evidence and position were presented at Environment Court hearings for the Motiti District Plan and Matakana Island plan change in October, February and March. The Court's decisions were consistent with Council's position.
- Environment Court appeals were lodged against the Proposed Rotorua District Plan to address matters of regional interest and ensure the Regional Policy Statement is given effect to. Good progress has been made through Environment Court assisted mediation in resolving these appeals.
- Progress was also made in resolving Environment Court appeals to the Whakatāne District Plan, with a consent order agreed to in relation to the proposed marine precinct at Opihi.

Non-statutory Policies, Strategies and Plans and Initiatives

Phases 1 and 2 of the collaborative regional spatial plan (Invest Bay of Plenty) Project were completed through a Leadership Group of the region's mayors, chairs and chief executives. Invest Bay of Plenty was placed on hold in March 2015 by the Bay of Plenty Local Government Triennial.

The Draft Bay of Plenty Regional Council Spatial Plan was prepared and reported to Council in August 2014 and February 2015.

The Geothermal Programme was established. The methodology to develop the plan change was reviewed. Supporting scientific information has been gathered for the development of the Tauranga and Rotorua Geothermal System Management Plans.

We developed a Freshwater Management Framework in collaboration with regional communities. The Bay of Plenty Freshwater Framework was adopted by Council in February 2015.

Development of a multi-agency strategy for Tauranga Harbour was placed on hold due to the delay in Tauranga Moana Treaty settlement legislation. We produced a strategic profiler document and stock-take report to inform the Tauranga Harbour Programme and future co-governance entities.

Development of the Eastern Bay Spatial Plan was progressed, through the Eastern Bay of Plenty Joint Committee and the Eastern Bay Spatial Plan subcommittee of Bay of Plenty Regional Council, Kawerau District Council, Ōpōtiki District Council and Whakatāne District Council.

SmartGrowth Strategy implementation was supported through the SmartGrowth Implementation Committee, Implementation Management Group and Chief Executives Advisory Group. SmartGrowth projects for which Council was the lead agency were progressed and/or completed.

We continue to participate in the Upper North Island Strategic Alliance as one of seven member councils. The Upper North Island Strategic Alliance mayors and chairs endorsed actions to implement the Upper North Island Freight Story with the New Zealand Transport Agency. An Industrial Land Demand Study was completed, using Northland as a case study.

Transport Planning

The Regional Land Transport Plan was prepared by the Regional Transport Committee, adopted and submitted by Council by the end of April 2015 as requested by the New Zealand Transport Agency.

How we did

Key Performance Indicator	Programme	Target	How did we do?	Comment
Policy advice is high quality, evidence based, supported by robust reasoning and logic, clear and concise				
Quality of policy advice as independently assessed.	Non-Statutory Policy, Strategies, Plans and Initiatives.	80% of policy advice is 'high quality'.		Independent assessment of Council agenda reports requiring decisions rated 89% (16 out of 18) reports as high quality.
Quality of policy advice as independently assessed.	Statutory Policy, Strategies and Plans.	70% of planning advice is 'high quality'[1].		Independent assessment of Council agenda reports requiring decisions rated 89%(8 out of 9) reports as high quality.

1. *All planning advice is 'quality' advice and fit for purpose, measured against legislative requirements and community expectations. Some advice may not be considered 'high quality' due to time constraints, lesser priority or a lack of resources.'*

Achieved Not achieved Not applicable/no data available

What it cost

The Strategic Policy Activity finished with a deficit of $679,000 compared to a budgeted deficit of $7,000.

Additional work was undertaken in the activity in progressing geothermal policy and Rotorua Lakes programme rules.

Strategic Policy Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
2,317	General rates	1,976	1,976
0	Targeted rates	0	0
4,024	Investment income	3,416	3,416
92	Operating grants and subsidies	117	149
110	Other revenue	5	0
0	Fees and charges	0	0
6,543	**Total revenue**	**5,514**	**5,542**
	Operating expenditure by programme		
2,927	Statutory Policy, Strategies and Plans	2,713	2,252
2,736	Non-statutory Policy, Strategies, Plans and Initiatives	2,882	2,573
546	Transport Planning	598	724
6,209	**Total expenditure**	**6,193**	**5,549**
333	**Operating surplus (deficit)**	**(679)**	**(7)**
	Reconciliation of operating surplus (deficit)		
583	Transfers to general and special reserves	93	0
(250)	Transfers from general and special reserves	(772)	(7)
333	**Operating surplus (deficit)**	**(679)**	**(7)**
	Capital expenditure by programme		
0	**Total capital expenditure**	**0**	**0**
0	Loan repayment	0	0
0	**Total capital funding required**	**0**	**0**

Sustainable Communities

What we did

Under the Sustainable Communities activity we continued to provide opportunities for the community to enjoy, care for, become involved with and learn about the sustainable development of the Bay of Plenty.

The Group Emergency Management Office has been working hard to deliver on the goals and objectives set out in the Bay of Plenty Civil Defence Emergency Management Group Plan 2012-2017.

In the Bay of Plenty Regional Council's 2014/15 Annual Plan, we said we would participate in a Civil Defence Emergency Management (CDEM) Tier 4 National Exercise in 2014/15 however, no exercise was held in the 2014/15 year for the Group to participate in.

The capability to respond to an event has steadily increased across the Group with an increase in staff recruitment and training. In October 2014 the Group Emergency Coordination Centre was relocated from Mount Maunganui to Tauranga, which resulted in an increase in resilience of the facility. We have completed phase one (discovery) of the Group Emergency Coordination Centre Project and have confirmed funding in Long Term Plan 2015-2025 to build a dedicated emergency coordination centre, shared with other emergency services.

We have also completed a major review of the operational delivery for civil defence emergency management. This has resulted in the development of a new centrally managed/locally delivered model where emergency management staff are now working in a single team to deliver a coordinated and regionally consistent service to our communities. The new delivery model took effect on 1 July 2015.

The Group has completed a review of the region's hazard risk profile to give us a better understanding of the likelihood and consequences of the many hazards we face and enable us to better prepare and mitigate against these.

In preparation for the long term recovery from a disaster, both Group and Local Recovery plans have been completed. Recovery managers have been meeting at exercise events and learning from experts in recovery management.

The Marae Preparedness programme has continued to be delivered and Central Government funding has been secured to increase this delivery in 2015/16.

We have responded to over 42 different events from minor tsunami notifications and severe weather warnings to several large events including:

- Hazardous substance fire in Tauranga
- Rotorua flooding
- Tropical Cyclone Pam
- Tauranga Harbour oil spill
- Mount tornado

The Environmental Enhancement Fund of $250,000 was fully allocated to 15 projects in 2014/15. Funding of $60,000 was provided to Envirohub for Phase 3 of the Bay of Plenty Regional Environmental Network project.

The Community Engagement Programme ran workshops (internal and external), and various different community events and initiatives such as Taiohi Taiao/Youth Jam; Enviroschool events; Pollution Buster newsletters; education resources; Teacher workshops; Sustainable Business Network events; Rotorua Youth Environment Forum; Tauranga Instep Young Leaders Forum; and assisted Rotorua Youth Environment Forum to coordinate the Eco Carnival. All of these events and initiatives were aimed at improving community engagement on environmental issues.

A review of Komiti Maori was carried out to ensure its effectiveness as a platform for Māori to contribute to Council's decision-making. As a result of the review, Council adopted Toi Moana as its official Māori name and Komiti Māori replaced the Māori Committee.

Te Maru o Kaitun/Kaituna River Authority has been established. The Maori Engagement Programme held 16 Treaty co-governance hui for Te Maru o Kaituna/Kaituna River Authority and the Rangitāiki River Forum (eight for Te Maru o Kaituna and eight for the Rangitaiki River Forum). Te Ara Whānui o Rangitāiki is complete and implementation is in progress. A Senior Treaty Advisor has been assigned to provide strategic advice for Māori.

Council contributed to the development of Hapū/Iwi Resource Management Plans. These plans are developed and approved by hapū and/or iwi and they describe resource management issues of importance to them as tangata whenua.

During the last year we funded 10 plans:

Hapū/Iwi Resource Management Plan	Status
Ngāti Tamateatutahi Ngāti Kawiti Stage 1	Completed
Ngāti Tamateatutahi Ngāti Kawiti Stage 2	Completed
Tapuika (Stage 1)	Completed
Tapuika (Stage 2)	Completed
Ngāti Hokopū ki Wairaka	In progress
Te Whānau a Harāwaka	In progress
Ngāti Kea/Tuara (Stage 1)	In progress
Ngāi Tamawhariua (Stg 3)	Completed
Ngāti Ruahine	In progress
Ngāti Hangarau	In progress

Council has a Corporate Sponsorship fund available to the public. Eligibility is dependent on the project/event/activity contributing to at least one of our Community Outcomes. Last year we funded 15 applications to a value of $19,725.

The Recreation and Open Space Programme has continued to deliver operational maintenance this year. Projects have been complete on time, within budget, and in alignment with the respective management plans for both the Pāpāmoa Hills Regional Park and Onekawa Te Mawhai Regional Park.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Council supports Environmental Enhancement Fund groups to complete projects which help improve our environment			
Percentage of Environmental Enhancement Fund projects due for completion each year that are successfully completed.	74%		80% of projects were completed on or ahead of schedule.
Pāpāmoa Hills Cultural Heritage Regional Park, and the Ōnekawa Te Māwhai property are managed for the enjoyment of the community and to protect their heritage values			
Percentage of park users who rate their experience as satisfactory or higher.	Pāpāmoa Hills = 85% Onekawa Te Māwhai = 70%		Pāpāmoa Hills – 100% There is strong support, evident from the survey feedback, to maintain the Papamoa Hills Regional Park at its current level of development. Onekawa Te Mawhai – 96% The feedback received from respondents aligns with the management plan vision for the park and supports the proposed operational works planned for the short and medium term.

Achieved | Not achieved | Not applicable/no data available

What it cost

The Sustainable Communities Activity finished with a deficit of $282,000 compared with a budgeted deficit of $107,000.

The Civil Defence Emergency Management (CDEM) Programme underspent by $80,000. The underspend is largely due to the rescheduling of the Public Education Strategy Project and the CDEM Plan Review Project, as well as savings made from completing the Hazard Gap Analysis under budget. CDEM transferred $46,000 of surplus funds to a reserve account to use in future years.

The Community Engagement Programme did not have any significant variances to budget.

The Environmental Enhancement Fund, (EEF) Programme underspent by $68,000. Grants have been fully allocated with some community groups yet to claim all of their allocation.

The Māori Engagement Programme expenditure overspent by $147,000. This was primarily due to additional costs relating to the Rangitāiki River Forum and the Kaituna River Forum.

No revenue for forestry harvest was received in the Recreation and Open Space Programme in this financial year.

Sustainable Communities Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
2,041	General rates	1,944	1,944
0	Targeted rates	0	0
3,545	Investment income	3,361	3,361
314	Operating grants and subsidies	373	372
185	Other revenue	58	162
3	Fees and charges	5	0
6,090	**Total revenue**	**5,741**	**5,839**
	Operating expenditure by programme		
399	Recreation and Open Space	509	541
1,196	Maori Engagement	1,329	1,181
1,514	Communications	1,584	1,455
403	Environmental Enhancement Fund	522	590
643	Community Engagement	627	647
1,432	Civil Defence Emergency Management	1,452	1,532
5,587	**Total expenditure**	**6,023**	**5,945**
503	**Operating surplus (deficit)**	**(282)**	**(107)**
	Reconciliation of operating surplus (deficit)		
690	Transfers to general and special reserves	158	0
(187)	Transfers from general and special reserves	(440)	(107)
503	**Operating surplus (deficit)**	**(282)**	**(107)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
0	Communications	6	11
0	**Total capital expenditure**	**6**	**11**
0	Loan repayment	0	0
0	**Total capital funding required**	**6**	**11**
	Capital funding source		
0	Loans raised	0	0
0	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
0	Transfers from capital and asset replacement reserves	6	11
0	**Total capital funding**	**6**	**11**

Regional Leadership Group of Activities

What it cost

The Regional Leadership group of activities finished with a deficit of $1,216,000 compared with a budgeted $123,000 deficit. Explanations for variances can be found in each activity's financial performance section under the heading 'What it cost'.

Regional Leadership Group financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
6,847	General rates	6,503	6,503
0	Targeted rates	0	0
11,890	Investment income	11,240	11,240
406	Operating grants and subsidies	740	576
389	Other revenue	77	265
3	Fees and charges	6	0
19,536	**Total revenue**	**18,566**	**18,584**
	Operating expenditure by activity		
7,019	Governance & Accountability	7,566	7,212
6,209	Strategic Policy	6,193	5,549
5,587	Sustainable Communities	6,023	5,945
18,815	**Total expenditure**	**19,782**	**18,707**
721	**Operating surplus (deficit)**	**(1,216)**	**(123)**
	Reconciliation of operating surplus (deficit)		
1,540	Transfers to general and special reserves	824	0
(819)	Transfers from general and special reserves	(2,040)	(123)
0	Additional funding for loan repayments	0	0
721	**Operating surplus (deficit)**	**(1,216)**	**(123)**

Regional Leadership Group capital funding and expenditure

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by activity		
0	Sustainable Communities	6	11
0		**6**	**11**
0	Loan repayment	0	0
0	**Total capital and loan funding required**	**6**	**11**
	.		
	Capital and loan funding source		
0	Loans raised	0	0
0	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
0	Tfer from Asset Replacement Reserves	6	11
0	Transfers from capital and asset replacement reserves	0	0
0	**Total capital and loan funding**	**6**	**11**

Natural Environment Group of Activities

What we did

This group of activities focuses on actively protecting and improving our environment by managing the use of our natural resources. It also concentrates on implementing Bay of Plenty Regional Council's future direction stated in strategies and plans developed within the Regional Leadership group of activities.

The Natural Environment Group of Activities consists of six activities:

- Sustainable Land Management;
- Sustainable Water Management;
- Sustainable Coastal Management;
- Sustainable Air Management;
- Resource Regulation; and
- Regional Monitoring.

Sustainable Land Management

The Sustainable Land Management Activity has a strong focus on working with landowners, industry and the community. The activity is also about taking a leadership role to protect the quality of the region's land and water resources, and protect areas of importance for biodiversity and Māori cultural heritage. We undertake operational activities and provide advice to reduce sedimentation, stock access and runoff to waterways, control and eliminate pests.

There are three programmes in this activity:

- Sustainable Land Use Implementation;
- Biodiversity; and
- Biosecurity.

Sustainable Water Management

The Sustainable Water Management Activity contributes to the following Council Outcomes:

Water Quality	Environmental Knowledge
Resource Development	Regional Collaboration
Māori Participation	Community Involvement

The Sustainable Water Management Activity focuses on water allocation, management of geothermal resources and water quality in the Rotorua lakes. This activity manages freshwater and geothermal resources to ensure their allocation is sustainable and that it contributes to economic development. We are also focused on maintaining and improving water quality in the Rotorua lakes, with an important outcome of reducing the frequency of toxic algal blooms.

There are two programmes in this activity:

- Sustainable Water and Geothermal Implementation; and
- Rotorua Lakes.

Sustainable Coastal Management

The Sustainable Coastal Management Activity contributes to the following Council Outcomes:

Environmental Protection	Water Quality
Environmental Knowledge	Resilience and Safety
Resource Development	Māori Participation
Community Involvement	

The Sustainable Coastal Management Activity manages and protects the coastal environment and ensures navigational safety. Beaches, rocky coastlines, harbours, river mouths and the open sea are some of the most highly valued environments in the Bay of Plenty, and protecting, maintaining and improving these resources is important to the community. This activity also involves members of the community in the work programmes, allowing them a place to have a voice and to achieve gains in their local area.

There are three programmes in this activity:

- Sustainable Coastal Implementation;
- Tauranga Harbour; and
- Maritime.

Sustainable Air Management

The Sustainable Air Management Activity contributes to the following Council Outcome:

Environmental Protection

The Sustainable Air Management Activity improves air quality where it is below national environmental standards. The activity is currently focused on the Rotorua urban airshed. It involves removing particulates from the airshed, converting solid fuel burners to clean heat appliances and overall reduction of the number of exceedences under the National Environmental Standards for Air Quality.

There is one programme in this activity:

- Rotorua Air Action Plan Implementation.

Resource Regulation

The Resource Regulation Activity contributes to the following Council Outcomes:

Environmental Protection

Water Quality

Resource Development

The Resource Regulation Activity ensures development activities involving water, geothermal, air, land and coastal resources do not negatively impact on the natural environment or put people's health at risk.

There are two programmes in this activity:

- Resource Consents; and
- Pollution Prevention.

Regional Monitoring

The Regional Monitoring Activity contributes to the following Council Outcome:
Environmental Knowledge

The Regional Monitoring Activity provides information on the current state of natural resources and identifies trends. We obtain this information through our Natural Environment Regional Monitoring Network. To be effective, we need to know the current state of and trends in the environment.

There is one programme in this activity:

- Natural Environmental Regional Monitoring.

How we did overall

Summary of how we did	
16 Achieved	3 Not achieved
3 Not applicable/no data available	

Overall we achieved most of our goals for the 2014/15 year. We achieved 16 of the 19 measurable targets for our Natural Environment Key Performance Indicators, with a further three not measured. Targets missed were the review of the Rotorua geothermal system model and two targets for nutrient reduction in the Rotorua Lakes, all of which are in the Sustainable Water Management Activity. Areas not measured were in relation to farm nutrient management plans and bio-security in the Sustainable Land Use Activity which are old key performance indicators that were not measured in 2014/15, and have been removed from the Long Term Plan 2015-2025.

Sustainable Land Management Activity

What we did

The Sustainable Land Use programme had the following highlights in 2014/15:

- The Tauranga Harbour Catchment target of 12.8 km for stock exclusion was exceeded with 18 km completed. In addition a further 25.6 kms was protected from stock in the remaining catchments including the Kaituna Catchment. This amounted to 912 ha of land use change.
- The Ōhiwa/Nukuhou and Waiotahi River Catchment target of 4.3 km for stock exclusion was exceeded with 6.1 km completed. In addition a further 6.3 km was protected from stock in other Eastern and Rangitāiki Catchments. This amounted to 221 ha of land use change.
- The Rotorua Lakes catchment target of 5.4 km for stock exclusion was exceeded with 5.5 km completed. This was all achieved in the Lake Rotorua Catchment. This amounted to 13 ha of land use change.
- Land areas totalling 1,146 ha were removed from grazing and revegetated or retired long term. This land use change will reduce the impact of contaminants on our freshwater bodies. The reduction in tonnes of sediment annually is approximately 2,292 tonnes/year after 1 year.
- Staff supported field days, seminars, workshops and hui. This year we attended over 25 events with our rural community and industry region wide. We have been in contact with more than 1520 people.

It should be noted that the Sustainable Land Use Programme ceases to exist with the adoption of the Long Term Plan 2015-2025. The programme's work has been incorporated into new 'Integrated Catchment Management Activities' for Tauranga Harbour, Rotorua Lakes, Kaituna-Maketu-Pongakawa, Rangitaiki and Eastern catchments, and the Biosecurity Activity instead.

This change is based on the idea that local priorities in a catchment should drive Regional Council's Environmental Delivery work rather than functional programmes across the region.

The Biosecurity Programme continued work on various projects. Progress was made in eradicating water poppy and marshwort from the region and no evidence of nassella tussock, purple loosestrife or koi carp was detected, following many years of eradication work. Work also continued on projects associated with detecting and controlling wild kiwifruit, wild ginger, woolly nightshade, eastern bay feral goats and marine biosecurity.

The review of the Whakatāne/Ōhope Reserves Biodiversity Management Plan is due to start in 2015/16 as that is the last year of the current agreed plan. In preparation for this work the partners are completing a strategic analysis of biodiversity management requirements for a larger area of land with a broader range of requirements. The Department of Conservation (DOC) and Council have completed a major piece of work that analyses biodiversity sites across the region giving both organisations a baseline starting point for the next phases of the project.

A field trial as part of the wallaby bait development work began on an isolated population in Welcome Bay. The trial involved a combination of lures, placebos and the newly developed paste bait. Final results for this work will not be available until October 2015.

Work continued on the Marine Biosecurity Management Plan for the Bay of Plenty. One of the highlights for the year was the development of small-scale management programmes for Mediterranean fanworm and the sea squirt *Styela clava*. These programmes give Council formal powers under the Biosecurity Act to manage these non-Regional Pest Management Plan pests. They are also the first small-scale management programmes to be developed in New Zealand under this legislation.

During the year surveillance was completed on 2988 boat hulls, 31.1 kms of marina pontoons, 151 moorings and 7.4 kms of rock wall and beach. Incursions were identified and controlled on four vessels and in both the Bridge and Sulphur Point Marinas.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Council reduces the potential for nutrients to enter groundwater and surface water by ensuring nutrient management plans are in place on every dairy farm.[(1)]			
Percentage of dairy farms in priority catchments that have a nutrient management plan in place.[(2)]	Tauranga Harbour = 90% Nukuhou, Rangitaiki, Whakatane, Kaituna, Tarawera, Pongakawa = 40%		This KPI is unable to be reported as commented in the Annual Report 2013/14.This KPI is not included in the Long Term Plan 2015-2025.
Council reduces the potential for erosion or sediment loss into its waterways by putting in place, appropriate land use and management.[(3)]			
Number of kilometres of lake and stream margins in the Rotorua lakes with no stock access (total for lakes Rotorua, Rotoehu, Ōkataina, Tarawera, Rotomahana,and Rerewhakaaitu).	Additional 5.4km (totalling 95%)		5.543km has been completed.
Number of kilometres of Ōhiwa Harbour catchment streams, Nukuhou River and Waiotahi River with no stock access.	Additional 4.3km (totalling 86%)		A total of 6.104 km has been completed. This includes 2.647 km in the Nukuhou River and 3.457 km in the Waiotahi River sub-catchments.
Number of kilometres of Tauranga Harbour rivers/streams by sub-catchment with no stock access (totals for Welcome Bay, Waitekohe, Wainui, Waimapu, Uretara, Te Puna/Waipapa, Te Manaia catchments).	Additional 12.8km (totalling 52%)		A total of 18km has been completed. This includes 0.440 km in the Te Manaia, 4.610 km in the Te Puna/Waipapa, 0.840km in the Uretara, 5.310km in the Waimapu, 2.390km in the Wainui, 0.870km in the Waitekohe and 3.540 km in the Welcome Bay sub-catchments.

1. *Nutrient management plans guide how nutrients are managed on individual properties so that optimum outputs are produced while keeping nutrient losses to a minimum. Nutrient management plans are a key tool to manage nutrients sustainably.*
2. *It has been problematic gaining data to measure progress against this KPI during 2013/14 and 2014/15, hence the Level of Service and this KPI has been re-defined in the next Long Term Plan 2015-2025, as we progress partnership work with the dairy sector to provide specific regional advisory support on diffuse nutrient management.*
3. *The riparian management KPIs reflect a key component of Council's catchment-focused approach to reducing erosion, and sediment and nutrient run-off into waterways. The following three KPIs exclude those lake and harbour sub-catchments that already have 100 percent protection from stock access. The three KPI targets exclude fencing provided by others (for example, the dairy industry) to encourage and support riparian protection.*

In conjunction with landowners, maintain or improve Biodiversity High Value Ecological Sites (HVES)			
Number of Biodiversity High Value Ecological Sites (HVES) in the Bay of Plenty region under active management (there are 206 sites of the interest in the region).	Number of sites = 85		Total HVES under active management is 86, of which 11 are in the Tauranga catchment.
In conjunction with landowners and the community, maintain or improve sites valued for their biodiversity			
Number of landowner / community biodiversity sites (not HVES) that are under active management plans.	Number of sites = 100		Total Landowner/community biodiversity sites is 115, of which 21 are in the Tauranga Harbour catchment.
No new pests are established in the region and the already identified pests in the region are eradicated, contained or reduced			
The percentage of new pests detected in the region with management plans in place.	100% of new pests have management plans in place.		New incursions were found at 6 sites in the 2014/15 financial year, 5 Rough horsetail (2 in Western Bay of Plenty, 3 in Opotiki), and 1 Creeping gloxinia site (Western Bay of Plenty). All sites have site management plans finalised and control undertaken.
Percentage of eradication pest species that have their densities reduced	73% of eradication pests have had their density reduced		This KPI is unable to be reported as commented in the Annual Report 2013/14. Intentions to redevelop the land management database to enable this KPI to be reported have been put on hold as this KPI is not included in the Long Term Plan 2015-2025. Programmes targeting exclusion / eradication pests were undertaken effectively with excellent results being seen with a number of species. All exclusion/eradication sites have site management plans developed and implemented.
Percentage of containment pest species that have their densities reduced.	29% of containment pests have had their density reduced.		This KPI is unable to be reported as commented in the Annual Report 2013/14. Intentions to redevelop the land management database to enable this KPI to be reported have been put on hold as this KPI is not included in the Long Term Plan 2015-2025. Effort has been reduced for a number of reasons for different species including wild ginger, woolly nightshade, royal fern, old mans beard, lantana, and climbing spindleberry amongst others.

Achieved	Not achieved	Not applicable/no data available

What it cost

Overall this activity finished with a deficit of $790,000 compared to a budgeted deficit of $9,000. The three programmes in this activity are interlinked, including staffing and project work.

The extra revenue of $447,000 was largely due to landowner contributions received in the Sustainable Land Use and Biodiversity programmes. This is the landowner's share of the works that Council carries out to protect riparian margins and areas of high value ecological sites. In 2014/15 the budgeted revenue excluded payments made to landowners. This is now recognised separately, increasing both revenue and expenditure.

Sustainable Land Management Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
2,965	General rates	2,402	2,402
0	Targeted rates	0	0
5,148	Investment income	4,151	4,151
114	Operating grants and subsidies	248	0
350	Other revenue	226	1,211
1,587	Fees and charges	1,184	0
10,163	**Total revenue**	**8,211**	**7,764**
	Operating expenditure by programme		
4,946	Sustainable Land Use	4,029	2,950
3,047	Biodiversity	2,312	2,295
2,538	Biosecurity	2,660	2,529
10,531	**Total expenditure**	**9,001**	**7,773**
(368)	**Operating surplus (deficit)**	**(790)**	**(9)**
	Reconciliation of operating surplus (deficit)		
25	Transfers to general and special reserves	80	0
(393)	Transfers from general and special reserves	(870)	(9)
(368)	**Operating surplus (deficit)**	**(790)**	**(9)**
	Capital expenditure by programme		
0	**Total capital expenditure**	**0**	**0**
0	Loan repayment	0	0
0	**Total capital funding required**	**0**	**0**

Sustainable Water Management Activity

What we did

The initial regional groundwater evaluation studies have been completed. A contract has been awarded for the detailed Groundwater model of the Kaituna Water Management Area. This model is intended to support water allocation decisions and the water take limit setting process under the National Policy Statement for Freshwater. The model will be built in the 2015/16 financial year.

Review of the Rotorua Geothermal Field model is ongoing. We have completed the following work:

- Improved knowledge of geothermal resources including:

  - Further analysis and management of geothermal data.

  - Completion of the Rotorua Geothermal System Conceptual Model.

  - Initiation of projects to measure actual take of geothermal fluid for Tauranga and Rotorua Systems.

- Collaborated with Waikato Regional Council to share scientific research and manage geothermal resources that cross regional boundaries.

In 2014/15 Council allocated additional resources to the Water Management Programme to support detailed planning and gathering of additional data. Focus areas for the water programme included:

- Identifying gaps for two priority Water Management Areas (WMA's), the Rangitāiki and Kaituna / Pongakawa / Maketū. We will address these gaps in 2015/16 to ensure we have robust information for decision making.

- Developing a Draft Regional Water Allocation plan change;

- Establishing a Regional Advisory Panel to provide Council with advice on key water management issues.

Council provided direction on the level of community involvement for the limit setting process and Council also approved the Freshwater Framework Document and the Draft Regional Allocation Rules plan change.

The Rotorua Lakes Programme has completed (or continues to implement) all the nutrient reduction interventions for three of the four Deed-funded lakes. The Rotoiti Sewerage reticulation is controlled by the Rotorua Lakes District Council and has been delayed until 2018/19. A land use change agreement in the Lake Rotoehu catchment is signed and is due to be implemented in 2015.

A variation to the Deed of funding with the Crown has been completed this year to enable multi-year appropriations, i.e. more flexibility in expenditure over the next 5 years of the Deed, largely to accommodate the Incentives Scheme.

The bulk of work in the Programme this year has been on implementing the integrated framework and planning engineering solutions for Lake Rotorua, while continuing short term interventions. This year the Incentives Board was appointed and the scheme established. Following more than two years of work with the Lake Rotorua Stakeholder Advisory Group, draft rules for the Lake Rotorua catchment were released for public submissions and, as a result of feedback received, substantial modifications were made to the rules framework. Since then work has continued to finalise the details of the rules and document the process of their development.

Take up of the Gorse Programme has been slow, no agreements have been signed yet. An aerial inspection of flowering gorse in the catchment was undertaken by Landcare Research. This enabled staff to target large blocks of gorse for removal in 2015/16.

Corrosion of the Ohau Wall was discovered during the year and staff have been working with advisors to establish the cause and remedies for the corrosion. Decisions will be required from Council in August 2015 on next steps around protection of the wall from further corrosion.

The Rotorua Lakes Programme has continued to build its substantial science resource through a Partnership with the University of Waikato and funding of the Chair of Lakes Management and Restoration.

Work on non-deed lakes continues, of note is the success of the Rerewhakaiitu catchment landowners voluntarily completing, implementing and having audited nutrient management plans for each farm.

An aspirational Restoration Plan for Lake Tarawera was also notified for public submissions in 2014/15.

A project has also been confirmed with Council to commence rule protection for those Lake Catchments not currently covered by Rule 11.

The Freshwater Management Strategy is now called the Freshwater Management Framework and has been developed in collaboration with our regional advisory panel.

Bay of Plenty Regional Plan for the Tarawera River Catchment was reviewed. The report was released to the public in July 2015.

How we did

Key Performance Indicator	Target	How did we do?	Comment
We understand how much water can be sustainably allocated from our groundwater catchments			
Completion of groundwater evaluation studies to develop a regional groundwater model.	Develop the regional groundwater model.		The initial regional groundwater evaluation studies have been completed. A contract has been awarded for the detailed Groundwater model of the Kaituna Water Management Area. This model is intended to support water allocation decisions and the limit setting process under the NPS for Freshwater. Work has started and the model will be built in the 2015/16 financial year.
We understand the sustainable management of geothermal systems, and allocate where possible			
Completion of geothermal information projects.	Review the Rotorua Geothermal system model.		The Rotorua model was reviewed for its ability to provide useful information for allocation decisions. It was determined that more data was needed on the use of the geothermal resource from a sample of consented bores. A decision on whether to proceed with this measurement work will be made in the 2015/16 financial year.

Key Performance Indicator	Target	How did we do?	Comment
Water quality in the Rotorua lakes makes long-term progress towards each lake's Trophic Level Index in the Regional Water and Land Plan.[(1)]			
Significantly reduce exports of nitrogen from the Lake Rotorua catchment in accordance with the Deed of Funding agreement.[(2)]	Reduce exports to 711 tonnes of nitrogen.		Construction of the Tikitere de-nitrification plant was delayed and is to be revisited in 2018/19. Negotiations and uptake on gorse agreements is slow and the target for gorse conversion has not been achieved this year. Although the Incentives Board is established, no funding was approved by the Crown this year for incentives deals, further impacting on the ability to achieve the target. Nitrogen levels have cumulatively reduced by 13.86 tonnes, resulting in a new predicted level of nitrogen exports to Lake Rotorua of 741 tonne (original estimated level, 755 tone, less cumulated reduced amount of 13.86 tonne).
Percentage of progress towards achieving the nutrient reduction targets set in the Deed of Funding agreement for Lakes Rotoiti, Ōkāreka, and Rotoehu.	Nitrogen = 100% achieved. Phosphorus = 100% achieved.		Lake Ōkāreka – Achieved both. Lake Rotoiti – Achieved Nitrogen, did not achieve Phosphorus Lake Rotoehu – Did not achieve Nitrogen, achieved Phosphorus. The nitrogen reduction was dependent on achieving reductions through land use change. Enough land use change agreements have been made to meet the target, however, these are not yet fully implemented.

1. *Current scientific research suggests that reducing nitrogen and phosphorous discharges into the Rotorua Te Arawa lakes is the most effective way to achieve the Trophic Level Index (TLI) targets. Council is committed to achieving the individual TLIs of the Rotorua lakes over time. Lake TLIs are good at showing long-term trends but are not appropriate to use for setting annual targets in key performance indicators in this plan. This is due to lag effects and natural fluctuations. Results of water quality improvement actions may not show up for many years, or TLIs may be affected by environmental changes outside our control. We will continue to monitor lake water quality as part of our Regional Monitoring activity, and report results annually.*
2. *'Exports of nitrogen' refers to nitrogen entering Lake Rotorua from land use and other manageable sources of nitrogen in the catchment. 'Manageable sources' includes sources of nitrogen that the Council can treat, such as geothermal inputs from Tikitere. The KPI excludes nitrogen inputs that can't be managed (such as rainfall).*

Achieved Not achieved Not applicable/no data available

What it cost

The Sustainable Water Management Activity finished with a deficit of $983,000 compared to a budgeted deficit of $562,000. The major variances were in the Rotorua Lakes Programme.

Land Incentive and Tikitere de-nitrification funding of $1.43 million from the Ministry for the Environment was not received as planned in 2014/15 due to rescheduled works programme.

The Land Incentive payment of $3.4 million was deferred and is now scheduled to start in 2015/16. The Incentives Board has now been established and will be developing operational processes for land incentive payments. Incentive payments will start in the 2015/16 financial year.

The depreciation expense was $275,000 over budget resulting from a reassessment of the life of the Ohau Wall from 50 years to 15 years.

The Tikitere de-nitrification capital works project has been deferred to 2018/19. This is primarily due to additional trials required for design clarification to reduce both operating and capital expenditure.

The were no material variances in the Sustainable Water and Geothermal Implementation Programme.

Sustainable Water Management Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
953	General rates	1,509	1,509
1,988	Targeted rates	2,094	2,094
1,696	Investment income	2,637	2,623
0	Operating grants and subsidies	1,142	2,572
0	Capital grants and subsidies	50	1,523
4	Other revenue	9	0
59	Fees and charges	55	58
4,700	**Total revenue**	**7,496**	**10,378**
	Operating expenditure by programme		
880	Sustainable Water and Geothermal Implementation	2,565	2,544
5,312	Rotorua Lakes	5,914	8,397
6,192	**Total expenditure**	**8,479**	**10,940**
(1,492)	**Operating surplus (deficit)**	**(983)**	**(562)**
	Reconciliation of operating surplus (deficit)		
78	Transfers to general and special reserves	1,233	495
(1,549)	Transfers from general and special reserves	(1,971)	(2,577)
0	Capital grants transferred to capital reserves	50	1,523
(235)	Capx tfer offset non funded depreciation	(537)	(226)
213	Capx tfer to Asset Rpl Rsv - Additional payments for loans	241	223
(1,492)	**Operating surplus (deficit)**	**(983)**	**(562)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
	Sustainable Water and Geothermal Implementation		
0	Lysimeter Capital Expenditure	20	0
0		20	0
	Rotorua Lakes		
6	Lake Okareka Outlet Structure	247	268
290	Lake Rotoehu Hornwort Weed Harvester	63	46
0	Lake Tikitapu Stormwater Catchment	3	53
0	Nutrient Assessment Benchmarking Database	158	255
377	Tikitere Diversion	196	3,015
9	Wetland Construction Rotoehu	0	0
682		667	3,636
682	**Total capital expenditure**	**687**	**3,636**
682	**Total capital funding required**	**687**	**3,636**
	Capital funding source		
(213)	Transfers to general and special reserves	(836)	(657)
682	Transfers from general and special reserves	797	2,113
213	Additional funding for loan repayments	241	223
0	Transfers from capital and asset replacement reserves	485	1,956
682		**687**	**3,636**

Sustainable Coastal Management Activity

What we did

The Sustainable Coastal Implementation Programme in 2014/15 had the following highlights:

- Kaituna River Re-diversion and Ongatoro/Maketu Estuary Enhancement Project obtained resource consents and land designations (still subject to appeals).
- The Coast Care Programme supported over 3,000 volunteers to learn about, protect, and plant over 100,000 coastal native species or control pests.
- The Estuary Care Programme supported volunteers to control mangroves and restore estuarine margins, as well as commissioning a hovercraft for mangrove seedling control.
- Actions to implement the joint-agency/tangata whenua Ohiwa Harbour Strategy continued, as did planning and coordination work with the Ohiwa Harbour Forum.
- Several Tauranga Harbour Margin Projects contributed significantly to the restoration of coastal biodiversity, soil and water values and biosecurity.

It should be noted that the Sustainable Coastal Implementation Programme ceases to exist with the adoption of the new Long Term Plan 2015-2025. The programme's work has now been incorporated into new 'Integrated Catchment Management Activities' for Tauranga Harbour, Kaituna-Maketu-Pongakawa, Rangitaiki and Eastern catchments. This change is based on the idea that local priorities in a catchment should drive Regional Council's Environmental Delivery work rather than functional programmes across the region.

Development of the Tauranga Harbour and Catchments Strategy was put on hold because the Tauranga Moana Iwi Collective Settlement has been delayed with legislation unlikely to be passed until July 2016. Legislation is expected to establish a Governance Group that will be required to prepare the "Ngā Tai ki Mauao" (Tauranga Moana framework document). Iwi do not want to start this process ahead of legislation. Instead, staff worked on an information database for the harbour. The information database captures work that has been, and is being done, in the harbour and will be relevant to the purpose, extent and scope of Ngā Tai ki Mauao.

The Estuarine monitoring programme has been changed from a bi-monthly sampling frequency to monthly sampling with a decreased number of sites. All monitoring has been carried out in accordance with the current NERMN programme.

In the 2014/15 Annual Plan we said we would run a biennial Tauranga Harbour Symposium, however, two alternative events were delivered. The Enspire Youth Video Challenge sought to engage new and younger audiences in Tauranga Harbour issues. Ten video entries were received which collectively reached 4522 people on Facebook and attracted 2486 YouTube views. The Te Awanui Tauranga harbour networking event provided an opportunity for networking and information sharing amongst 80 people from a range of stakeholder groups including other agencies, research organisations, iwi and community volunteers.

A Mangrove Management Operational Policy was developed to help the Council process community requests for assistance to manage mangroves. Planned mature mangrove removal was completed and mangrove stumps removed. The mangrove seedling consent and methodology was approved.

The Rena Recovery Programme (funded by the Ministry for the Environment) was successfully completed and overseen by Council.

Management of the Rena exclusion zone has continued during 2014/15. We reviewed and contributed to technical reports around the future of the wreck, and provided advice to the Council and the wider public.

The Maritime Programme had a busy year, work included:

- Administering 482 moorings;
- Ensuring 807 navigation markers were serviceable;

- Speaking with over 1800 boaties this summer in the Tauranga area;
- Responding to 14 Maritime oil spill reports (including a Tier 2 spill by Mobil at Berth 7);
- Running three daily summer patrols in both Tauranga Harbour and the Rotorua lakes areas (including walking patrols in those areas and the eastern Bay);
- Sixty harbour wardens participating in activities over the year;
- Approving 154 hot work permits;
- Approving 15 commercial licences;
- Processing 87 aquatic events applications; and
- Managing a fleet of 11 vessels.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Navigation hazards and risk in the aquatic environment is minimised			
Maintain a 24 hour-a-day, seven-day-a-week response for navigational incidents.	Response maintained 100% of the time.		Achieved
Environmental effects of marine oil spills are minimised			
Reports of marine oil spills are initially responded to within one hour in the Tauranga Port zone, and within two hours for the rest of the region.	100% of marine oil spills responded to within time-frames		Achieved
The natural character and storm-buffering functions of dune systems in sandy beach areas are protected and improved (sandy beach areas exclude rocky coast, gravel beaches and seawalls)			
The length of the region's sandy beaches under active management, involving local communities, and monitored as part of Coast Care.	88 km		A total 97.1 km of sandy coastline is under advanced management (43.9 km) or active management (53.2 km).)

Achieved   Not achieved   Not applicable/no data available

What it cost

The Sustainable Coastal Management Activity finished with a deficit of $407,000 compared to a budgeted deficit of $560,000.

The Maritime Operations Programme received additional revenue for moorings and harbour dues of $136,000. The programme also recovered $826,000 for costs incurred during the oil spill at the Tauranga Marina.

The Sustainable Coastal Programme has continued work on the Kaituna re-diversion and Ongatoro/Maketu Enhancement Projects, resource consents and land designations were obtained, however, these are still subject to appeal. Legal costs associated with these projects are the main reason for the overspend in this programme.

The Tauranga Harbour Programme was underspent by $486,000 due to delays in the Opureora Channel dredging project. This project will be undertaken in the 2015/16 financial year.

Sustainable Coastal Management Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
1,522	General rates	1,571	1,571
0	Targeted rates	0	0
2,642	Investment income	2,715	2,715
719	Operating grants and subsidies	226	268
211	Other revenue	1,008	21
607	Fees and charges	566	534
5,701	**Total revenue**	**6,086**	**5,108**
	Operating expenditure by programme		
2,751	Sustainable Coastal Implementation	2,341	2,037
2,552	Maritime Operations	3,230	2,223
594	Tauranga Harbour	922	1,408
5,898	**Total expenditure**	**6,493**	**5,667**
(197)	**Operating surplus (deficit)**	**(407)**	**(560)**
	Reconciliation of operating surplus (deficit)		
165	Transfers to general and special reserves	484	0
(363)	Transfers from general and special reserves	(891)	(560)
(197)	**Operating surplus (deficit)**	**(407)**	**(560)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
18	Maritime Operations	262	250
18	**Total capital expenditure**	**262**	**250**
0	Loan repayment	0	0
0	Transfers to investment fund	0	0
18	**Total capital funding required**	**262**	**250**
	Capital funding source		
0	Loans raised	0	0
0	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
18	Transfers from capital and asset replacement reserves	262	250
18	**Total capital funding**	**262**	**250**

Sustainable Air Management Activity

What we did

During 2014/15 Council repositioned the Rotorua Air Quality Programme to deliver a greater number of clean heat conversions.

New initiatives were implemented including the introduction of insulation for homes in the Rotorua Airshed as part of the Hot Swap Scheme.

We set up the Rotorua Air Quality Working Party involving the Regional Council, Rotorua Lakes Council, Housing New Zealand and the Bay of Plenty District Health Board.

Council also promoted the burning of dry wood, community awareness and education of air quality issues.

We continued to administer the Hot Swap Loan Scheme and provided rates remission for low-income ratepayers.

We also administered the Air Quality Control Bylaw in the Rotorua Airshed which bans open fires in the area.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Air quality in the Rotorua Local Air Management Area (LAMA) meets National Environmental Standards and New Zealand Ambient Air Quality Guidelines for human health			
Reduction of exceedences of PM10 in the Rotorua LAMA (exceedences of the NESAQ standard)	10 or fewer exceedances[(1)]		There have been nine exceedances in the Rotorua Air-shed this financial year.

1. *The monitoring period is Council's financial year (1 July to 30 June) as opposed to the NESAQ monitoring period of 1 October to 30 September.*

Achieved | Not achieved | Not applicable/no data available

What it cost

The Sustainable Air Management Activity finished with a surplus of $466,000, compared to a budgeted surplus of $446,000.

There was a lower than anticipated uptake of the Rotorua Hot Swap Loan Scheme. This resulted in $683,000 being advanced to Rotorua homeowners through the Loan Scheme compared to the budget of $2.01 million.

Sustainable Air Management Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
161	General rates	151	151
746	Targeted rates	864	859
280	Investment income	260	260
0	Operating grants and subsidies	0	0
0	Other revenue	0	0
0	Fees and charges	0	0
1,187	**Total revenue**	**1,275**	**1,270**
	Operating expenditure by programme		
589	Rotorua Air Quality	809	824
589	**Total expenditure**	**809**	**824**
599	**Operating surplus (deficit)**	**466**	**446**
	Reconciliation of operating surplus (deficit)		
634	Transfers to general and special reserves	477	477
(36)	Transfers from general and special reserves	(11)	(31)
599	**Operating surplus (deficit)**	**466**	**446**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Environmental loans by programme		
1,283	Rotorua Air Quality	683	2,010
1,283	**Total environmental loans**	**683**	**2,010**
392	Loan repayment	493	579
1,675	**Total capital and loan funding required**	**1,176**	**2,589**
	Capital funding source		
1,283	Loans raised	683	2,010
0	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
392	Capx tfer from current account reserves	493	579
1,675	**Total capital and loan funding**	**1,176**	**2,589**

Resource Regulation Activity

What we did

The Waste Resources Advisory Group (WRAG), administered by the Bay of Plenty Regional Council, provided a $50,000 fund to help waste minimisation initiatives from Bay of Plenty-based businesses, industry, councils, or community groups. In 2014/15 the Fund supported six projects in the region that diverted 50 tonnes of waste from landfill, saved thousands of dollars in landfill fees, generated much-needed income for charitable trusts, and provided employment. The funded projects covered a range of initiatives in Whakatāne, Rotorua and Tauranga. They included projects to collect and re-sell construction waste, a food rescue project, organic waste diverted from cafes, waste education workshops, a marae-based zero waste project and community worm farming.

We completed a major review of the compliance component of our section 36 Regional Council Resource Management Act and Building Act Charges Policy. The review will allow the implementation of a more rigorous risk-based approach to compliance monitoring and enable us to adjust our deployment of resources accordingly. The new policy has simplified twelve compliance charging schedules down to two. We are working with the Opureora Marae on Matakana Island to help identify a modern wastewater solution.

We added 3443 properties to the Hazardous Activities and Industries List Register in the 2014/15 financial year. This included 2995 properties with a current or past use as a kiwifruit orchard. Staff worked with Zespri during this time.

Highlights for the Consents Programme include:

- The Rena consent application has been through a submission period, a hearings panel has been selected and a hearing time scheduled.
- Six notified consent applications have been processed, including the Kaituna re-diversion.
- Four Environment Court appeals and a judicial review have been satisfactorily resolved without the need to go through the Court process. The judicial review was for a landfill in Rotorua.
- The appeal of Council's decision to grant consent to the Matata wastewater treatment plant and disposal field was upheld by the Environment Court.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Decisions on resource consent applications are made in a timely manner in accordance with the requirements of the Resource Management Act 1991			
The mean number of working days to process non-notified resource consents.*(1)*	20 working days.		332 decisions were on non-notified resource consents during the period to June. The mean number of statutory days taken was 14.
The percentage of resource consent applications that were issued discounts on administrative charges because Council exceeded statutory timeframes to process the consent.*(2)*	0% issued discounts.		No discounts have been issued because Council exceeded statutory timeframes.
All environmental incident complaints are responded to within specified timeframes according to Council's Compliance and Impact Monitoring Policy			
All urgent complaints made to the Pollution Hotline are responded to within 12 hours and all non-urgent complaints are responded to within three working days.	100% response rate.		A total of 1843 complaints were registered during the year. Twenty One of the 1843 complaints received were urgent. All of these were actioned within 12 hours from the time of the initial complaint. All non-urgent complaints over this reporting period were actioned within three working days. One non-urgent complaint over the year was not actioned within the allotted timeframe. This is still considered to meet the target.
High-risk contaminated land is identified and appropriately managed to avoid risk to human health and the environment			
The percentage of identified high-risk contaminated land where action is taken to manage the contamination.	90% of sites have action taken.		98% of identified high-risk contaminated sites have had action taken to manage the contamination.

1. *The meaning of 'working days' is defined in the Resource Management Act 1991.*
2. *As required by the Resource Management (Discount on Administrative Charges) Regulations 2010.*

Achieved | Not achieved | Not applicable/no data available

What it cost

The Resource Regulation activity finished with a deficit of $949,000 compared with a budgeted deficit of $5,000.

Additional costs for legal advice for various investigations were recovered by prosecutions in the Pollution Prevention Programme.

The Consents Programme had significantly increased revenue and expenditure. This was largely due to the application on the MV Rena proposal to leave the vessel and cargo on the reef. A significant amount of external expertise has been brought in to work on this project, however a large portion of these costs is expected to be recovered from the applicants.

Resource Regulation Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
522	General rates	1,371	1,371
0	Targeted rates	0	0
907	Investment income	2,369	2,369
301	Operating grants and subsidies	0	0
8	Other revenue	44	0
2,956	Fees and charges	3,757	2,712
4,694	**Total revenue**	**7,541**	**6,452**
	Operating expenditure by programme		
2,907	Consents	3,965	2,495
4,866	Pollution Prevention	4,525	3,962
7,773	**Total expenditure**	**8,490**	**6,457**
(3,078)	**Operating surplus (deficit)**	**(949)**	**(5)**
	Reconciliation of operating surplus (deficit)		
12	Transfers to general and special reserves	0	0
(3,090)	Transfers from general and special reserves	(949)	(5)
(3,078)	**Operating surplus (deficit)**	**(949)**	**(5)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
0	**Total capital expenditure**	**0**	**0**
0	Loan repayment	0	0
0	**Total capital funding required**	**0**	**0**
	Capital funding source		
0	Loans raised	0	0
0	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
0	Transfers from capital and asset replacement reserves	0	0
0	**Total capital funding**	**0**	**0**

Regional Monitoring Activity

What we did

The Regional Monitoring Activity gathers information which is used in our Strategic Policy, Sustainable Water, Sustainable Land, Sustainable Coastal, Sustainable Air Management, and Resource Regulation Activities. Monitoring is carried out at over 1,000 sites on a wide range of natural resources including air, surface water, groundwater, land, soil and ecology. This year 687 physical flow measurements were performed in rivers and streams within the region.

Our laboratory processed 7,700 samples, with approximately 4,400 directly supporting BOPRC activities; the remainder were done for external parties on a commercial basis. A meteorological site was installed to inform the Kopeopeo Canal remediation project on potential dust movement once works are underway.

Low flow surveys were undertaken in five catchments within the Kaituna, Maketū and Pongakawa water management areas over the 2014/2015 summer period.

Catchments and sites measured were:

- Pokopoko, Waiari, Oteheuheu (92 sites)
- Mangatoetoe, Kaikokopu (12 sites)
- Wharere, Puanene (25 sites)
- Pongakawa (14 sites)
- Waitahanui (14 sites)

A number of improvements continue to be made to the programme following the 2014 Natural Environment Regional Monitoring Network Review. These included:

- Installation of new groundwater monitoring bores.
- Establishing telemetry and data management for new groundwater monitoring sites in the upper Rangitāiki Catchment (Lochinver Station).
- Installation of a lysimeter (groundwater recharge) monitoring site in the upper Rangitaiki Plains.
- Increasing the frequency of river and stream water quality monitoring to monthly.
- Improvements to the air quality monitoring network.

How we did

Key Performance Indicator	Target	How did we do?	Comment
The public has access to live resource monitoring data			
Live monitoring data is reliably collected and made available to the public via the Council website.	Data capture rates of 90% or better for automated monitoring of rainfall, river flow, groundwater levels and air quality.		Data capture rate for the year was 98.3%.

Achieved — Not achieved — Not applicable/no data available

What it cost

The Regional Monitoring Activity finished with a surplus of $51,000 compared to a budgeted deficit of $2,000.

Lower than expected costs for external laboratory charges accounted for the majority of the underspend in the NERMN Programme.

Regional Monitoring Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
669	General rates	603	603
0	Targeted rates	0	0
1,162	Investment income	1,043	1,043
0	Operating grants and subsidies	0	0
1	Other revenue	4	30
830	Fees and charges	777	829
2,663	**Total revenue**	**2,427**	**2,506**
	Operating expenditure by programme		
3,508	NERMN	2,376	2,508
3,508	**Total expenditure**	**2,376**	**2,508**
(845)	**Operating surplus (deficit)**	**51**	**(2)**
	Reconciliation of operating surplus (deficit)		
0	Transfers to general and special reserves	51	0
(845)	Transfers from general and special reserves	0	(2)
(845)	**Operating surplus (deficit)**	**51**	**(2)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
388	NERMN	300	270
388	**Total capital expenditure**	**300**	**270**
0	Loan repayment	0	0
388	**Total capital funding required**	**300**	**270**
	Capital funding source		
0	Loans raised	0	0
	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
388	Transfers from capital and asset replacement reserves	300	270
388	**Total capital funding**	**300**	**270**

Natural Environment Group of Activities

What it cost

The Natural Environment group of activities finished with a net deficit of $2.6 million compared with a budgeted $691,000 deficit. Explanations for variances can be found in each activity's financial performance section under the heading 'What it cost'.

Natural Environment Group financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
6,792	General rates	7,606	7,606
2,733	Targeted rates	2,958	2,953
11,836	Investment income	13,175	13,162
1,134	Operating grants and subsidies	1,616	2,840
0	Capital grants and subsidies	50	1,523
575	Other revenue	1,292	1,262
6,039	Fees and charges	6,339	4,133
29,108	**Total revenue**	**33,036**	**33,478**
	Operating expenditure by activity		
10,531	Sustainable Land Management	9,001	7,773
6,192	Sustainable Water Management	8,479	10,940
5,898	Sustainable Coastal Management	6,493	5,667
589	Sustainable Air Management	809	824
7,773	Resource Regulation	8,490	6,457
3,508	Regional Monitoring	2,376	2,508
34,491	**Total expenditure**	**35,648**	**34,169**
(5,383)	**Operating surplus (deficit)**	**(2,612)**	**(691)**
	Reconciliation of operating surplus (deficit)		
969	Transfers to general and special reserves	2,325	972
(6,330)	Transfers from general and special reserves	(4,691)	(3,183)
0	Capital Grants Received	50	1,523
(235)	Capx tfer offset non funded depreciation	(537)	(226)
213	Additional funding for loan repayments	241	223
(5,383)	**Operating surplus (deficit)**	**(2,612)**	**(691)**

Natural Environment Group capital funding and expenditure

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by activity		
682	Sustainable Water Management	687	3,636
18	Sustainable Coastal Management	262	250
388	Regional Monitoring	300	270
	Capital disposals by activity		
	Environmental loans by activity		
1,283	Sustainable Air Management	683	2,010
2,372		**1,932**	**6,166**
392	Loan repayment	493	579
2,763	**Total capital and loan funding required**	**2,425**	**6,745**
	.		
	Capital and loan funding source		
1,283	Loans raised	683	2,010
(213)	Transfers to general and special reserves	(836)	(657)
1,629	Transfers from general and special reserves	797	2,113
213	Additional funding for loan repayments	241	223
406	Transfers from capital and asset replacement reserves	1047	2,476
392	Capx tfer from Current account Reserves	493	579
(947)	Capx tfer to General Reserves	0	0
2,763	**Total capital and loan funding**	**2,425**	**6,745**

Sustainable Development and Infrastructure Group of Activities

What we do

The Sustainable Development and Infrastructure group of activities focuses on creating a climate conducive to economic development, while still meeting environmental bottom lines. The group facilitates economic development, including contributing to major infrastructure projects that will benefit the region. It also includes implementation, enhancement and monitoring of passenger transport services to ensure sustainable transport options are available within the region now and into the future.

Sustainable Transport

The Sustainable Transport Activity contributes to the following Council Outcome:

- Transport Network

The Sustainable Transport Activity enables and makes available a range of safe and reliable transportation modes to improve economic efficiency and environmental sustainability.

The activity involves providing public passenger transport systems across the region and providing another transport option for people with mobility impairments that prevent them from using buses. It also supports national and sub-regional road safety programmes as well as walking initiatives.

Sustainable Regional Development

The Sustainable Regional Development Activity contributes to the following Council Outcomes:

- Resource Development
- Economic Development
- Regional Initiatives

The Sustainable Regional Development Activity facilitates economic development. It achieves this through leading and implementing economic development strategies through Bay of Connections, providing financial assistance to major regional infrastructure projects that directly support economic development and providing financial assistance for transport and wastewater reticulation projects.

How we did overall

Summary of how we did

3 Achieved	1 Not achieved
1 Not applicable/no data available	

Overall we achieved three of the four measurable key performance indicators (KPIs) in this group of activities. The bus fare recovery ratio target was not achieved and the Tauranga bus patronage KPI was not measured. Both KPIs are in the Sustainable Transport Activity and relate to the SchoolHopper service. It was decided that bus fares (and patronage data) were not to be collected in term one of 2015.

Sustainable Transport Activity

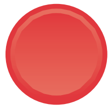
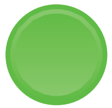
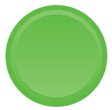
What we did

We are working with eight other Regional Councils and the New Zealand Transport Agency (NZTA) to procure a new integrated electronic ticketing system that will be used in much of the country. Replacement of the electronic ticketing systems for Tauranga and Rotorua that was scheduled in the 2014/15 Annual Plan did not occur. This project is taking some time, given the number of partners involved and specific requirements that need to be met (e.g. review of national ticketing standard, procurement process, etc).

Implementation of a real-time passenger information system for Tauranga was not achieved. However, a small trial system was implemented in Rotorua that will help guide the future development of a much larger Tauranga system.

We began operating services (branded Tauranga SchoolHopper) to replace former Ministry of Education school bus services on the first day of term one, 2015. Council resolved to make travel in term one free for students, with fares payable from the start of term two. Council estimates that over 340,000 students travelled on SchoolHopper buses for the two terms.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Council provides a reliable and integrated public transport system where fares cover a reasonable proportion of operating costs			
Fare Recovery Ratio [(1)]	33%		The fare recovery ratio for 2014/15 is 31%. The main reasons why the KPI was not met were: 1. Fares not being collected for term 1 on the Tauranga SchoolHopper bus service because the electronic ticketing system was not implemented; 2. Lower fare recovery for Tauranga bus services as a result of the decision to lower the student bus fare for both the BayHopper and SchoolHopper services; and 3. SuperGold Card revenue being viewed by the NZTA as a subsidy rather than as a substitute for users paying fare revenue.
Number of Rotorua passenger transport trips	Target of 965,000 passenger trips during 2014/15		Patronage on Rotorua buses was 973,000.
Number of rural passenger transport trips	Target of 77,770 passenger trips during 2014/15		Patronage on rural buses was 80,500.

1. *The Fare Recovery Ratio of a passenger transportation system is the proportion of the amount of revenue generated through fares by its paying customers as a fraction of the cost of its total operating expenses.*

Key Performance Indicator	Target	How did we do?	Comment
Number of Tauranga passenger transport trips	Target of 2,188,500 passenger trips during 2014/15		Patronage data for SchoolHopper buses was not captured for Term 1 of the 2015 school year as electronic ticketing equipment was not installed. Recorded patronage totalled 2,029,900 including 1,859,800 on Tauranga BayHopper urban buses and 170,100 on Tauranga SchoolHopper buses. It is very likely that the target would have been met if SchoolHopper patronage data was recorded in Term 1.
Percentage of total Tauranga and Rotorua bus users whose overall satisfaction with the bus service is rated as "satisfied" (an 8,9 or 10)*(1)*	61% (+/- the survey standard error at the 95% confidence intervals)		74% of total Tauranga and Rotorua bus users rated their overall satisfaction with the bus service as satisfied.

1. Source: Annual Bus User Survey.

Achieved	Not achieved	Not applicable/no data available

What it cost

The Sustainable Transport Activity finished with a surplus of $105,000 compared with a budgeted deficit of $372,000.

From term one of 2015 Council took over the running of the school buses in Tauranga. Fares were not charged during the first term of operations, this was offset by lower than budgeted costs as the service was planned to start earlier in the financial year. Lower expenditure on bus shelters in Tauranga and Rotorua added to the better than budgeted result.

Two capital projects (electronic ticketing systems and real-time information system) have been deferred until 2015/16 and 2016/17. This will ensure that Council meets the NZTA national ticketing standards and receives NZTA investment.

Sustainable Transport Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
1,230	General rates	1,238	1,238
3,537	Targeted rates	3,575	3,575
2,136	Investment income	2,140	2,140
6,153	Operating grants and subsidies	7,086	6,937
559	Other revenue	486	595
2,524	Fees and charges	2,608	3,426
16,139	**Total revenue**	**17,133**	**17,910**
	Operating expenditure by programme		
10,727	Tauranga Passenger Transport	12,297	13,542
2,442	Rotorua Passenger Transport	2,582	2,823
1,954	Regional Passenger Transport	2,149	1,918
15,123	**Total expenditure**	**17,028**	**18,283**
1,016	**Operating surplus (deficit)**	**105**	**(372)**
	Reconciliation of operating surplus (deficit)		
1,016	Transfers to general and special reserves	105	0
0	Transfers from general and special reserves	0	(372)
1,016	**Operating surplus (deficit)**	**105**	**(372)**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme		
117	Tauranga Passenger Transport	51	1,186
11	Rotorua Passenger Transport	0	270
128	**Total capital expenditure**	**51**	**1,456**
0	Loan repayment	0	0
128	**Total capital funding required**	**51**	**1,456**
	Capital funding source		
0	Loans raised	0	0
	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
128	Transfers from capital and asset replacement reserves	51	1,456
128	**Total capital funding**	**51**	**1,456**

Sustainable Regional Development Activity

What we did

All Bay of Connections sector groups progressed their action plans during the year, and the depth of membership of the industry groups during the year increased in size and strength.

We continued our role in leading and facilitating economic development in the Bay of Plenty this year. Implementation of strategies in Energy, Aquaculture, Forestry, Freight Logistics, Māori, and Rugby Sevens is ongoing.

Council commenced a review of the approach and policy for infrastructure funding. This policy development was put on hold during development of the Long Term Plan 2015-2025 and is planned to be completed over the two next years.

Significant progress has been made on the Regional Infrastructure Fund Projects, with a funding agreement in place for the Scion Innovation Centre (delivery 2016/17), and heads of agreements in place for the Tauranga Marine Precinct (delivery 2015/16), Tauranga Tertiary Campus (delivery 2017-2020), and Ōpōtiki Harbour Transformation (delivery 2017-2019) Projects.

Direct funding grants for the Rotoiti/Rotoma sewerage schemes have been deferred until 2017-2019 in line with the delivery plans of Rotorua Lakes Council. Direct funding grants for the Matata sewerage scheme have been deferred to 2015/16 to allow Whakatane District Council to work through resource consent processes.

Grants of $12,000, $25,000, and $10,000 were provided to Surf Lifesaving, the Gateway public artworks for Domain Road Interchange of the Tauranga Eastern Link, and the Luminarium Project for the Tauranga Arts Festival.

There are no Key Performance Indicators for the Sustainable Regional Development Activity in the 2012-2022 Ten Year Plan.

What it cost

The Sustainable Regional Development activity finished with a $603,000 deficit compared to a budgeted $8.785 million deficit.

This activity administers the contestable Regional Infrastructure Fund. Funds were released for the Eastern Bay Route Security project in 2014/15. The unspent grants funds in the Regional Infrastructure programme are related to agreements to defer grants for Rotoiti/Rotoma sewerage schemes (deferred to 2017-2019), Matata sewerage scheme (deferred to 2015/16), Scion Innovation Centre (deferred to 2016/17), and Tauranga Marine Precinct (deferred to 2015/16).

The Regional Economic Development programme's key area of work continued to be the implementation of the various sector strategies under the Bay of Connections Portfolio. In addition, Central Government approached Bay of Connections to partner with it under the Regional Growth Programme. As a result the Regional Growth Study is now a key component of the Bay of Connections portfolio, and will be so for at least the next 5-10 years.

Sustainable Regional Development Activity financial statement

Actual 2013/14 $000		**Actual 2014/15** $000	**Budget 2014/15** $000
	Operating revenue by class		
210	General rates	228	228
0	Targeted rates	0	0
797	Investment income	860	860
70	Operating grants and subsidies	10	0
5	Other revenue	0	0
0	Fees and charges	0	0
1,082	**Total revenue**	**1,098**	**1,088**
	Operating expenditure by programme		
639	Regional Economic Development	692	622
5,328	Regional Infrastructure	1,009	9,251
5,967	**Total expenditure**	**1,701**	**9,873**
(4,885)	**Operating surplus (deficit)**	**(603)**	**(8,785)**
	Reconciliation of operating surplus (deficit)		
11	Transfers to general and special reserves	0	0
(4,897)	Transfers from general and special reserves	(603)	(8,785)
(4,885)	**Operating surplus (deficit)**	**(603)**	**(8,785)**
	Capital expenditure by programme		
0	**Total capital expenditure**	**0**	**0**
0	Loan repayment	0	0
0	**Total capital funding required**	**0**	**0**

Sustainable Development and Infrastructure Group of Activities

What it cost

The Sustainable Development and Infrastructure group of activities finished with a deficit of $498,000 compared with a budgeted $9.157 million deficit. Explanations for variances can be found in each activity's financial performance section under the heading 'What it cost'.

Sustainable Development and Infrastructure Group financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
1,440	General rates	1,466	1,466
3,537	Targeted rates	3,575	3,575
2,932	Investment income	3,001	3,001
6,223	Operating grants and subsidies	7,096	6,937
564	Other revenue	486	595
2,524	Fees and charges	2,607	3,426
17,221	**Total revenue**	**18,231**	**18,999**
	Operating expenditure by activity		
15,123	Sustainable Transport	17,028	18,283
5,967	Sustainable Regional Development	1,701	9,873
21,090	**Total expenditure**	**18,729**	**28,156**
(3,869)	**Operating surplus (deficit)**	**(498)**	**(9,157)**
	Reconciliation of operating surplus (deficit)		
1,027	Transfers to general and special reserves	105	0
(4,897)	Transfers from general and special reserves	(603)	(9,157)
0	Additional funding for loan repayments	0	0
(3,869)	**Operating surplus (deficit)**	**(498)**	**(9,157)**

Sustainable Development and Infrastructure Group capital funding and expenditure

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by activity		
128	Sustainable Transport	51	1,456
	Capital disposals by activity		
	Environmental loans by activity		
128		**51**	**1,456**
0	Loan repayment	0	0
128	**Total capital and loan funding required**	**51**	**1,456**
	.		
	Capital and loan funding source		
0	Loans raised	0	0
	Transfers to general and special reserves	0	0
0	Transfers from general and special reserves	0	0
0	Additional funding for loan repayments	0	0
128	Transfers from capital and asset replacement reserves	51	1,456
128	**Total capital and loan funding**	**51**	**1,456**

Flood Protection and Control Works Group of Activities

What we do

The Flood Protection and Control Works group consists of one activity - Rivers, Drainage and Flood Management.

Rivers, Drainage and Flood Management Activity

The Rivers, Drainage and Flood Management Activity contributes to the following Council Outcomes:

Resilience and Safety

Resource Development

The Rivers, Drainage and Flood Management Activity has two parts. These are management of our rivers and drainage schemes to reduce the risk of damage to people, property and their livelihoods; and provision of engineering and technical advice on flood management issues. The programmes which make up this activity are:

- Kaituna Catchment Control Scheme;
- Rangitāiki-Tarawera Rivers Scheme;
- Whakatāne-Tauranga[1] Rivers Scheme;
- Waioeka-Otara Rivers Scheme;
- Rangitāiki Drainage Scheme;
- Minor Rivers and Drainage Schemes; and
- Engineering Advice and Non-Scheme Works.

How we did overall

Summary of how we did

7	Achieved	0	Not achieved
1	Not applicable/no data available		

We achieved all seven of the measurable key performance indicators, with a further one not measured. The unmeasured key performance indicator is for response rates which is an old key performance indicator and is not included in the Long Term Plan 2015-2025.

1 *Tauranga River is now the official geographic name for the river formerly known as the Waimana. The name change was part of the Tūhoe Deed of Settlement signed between Tūhoe and the Crown on 4 June 2013, and took effect on 25 August 2014.*

What we did

River Scheme Sustainability Project

The purpose of the River Scheme Sustainability Project is to develop a strategic framework and actions to guide management of the Bay of Plenty River Schemes across future generations stretching out to the year 2100.

A business plan was approved in 2013 consisting of four phases, Phase 1 - Philosophy and Vision, Phase 2 - Investigation, Phase 3 - Analysis and Phase 4 - Framework.

The aim of Phase 2 (years 2013-2015) was to undertake investigations into factors affecting the schemes and to establish the foundations of the project. Four initial work-streams (Economic Analysis, Flood Risk Gap Analysis, Rating Assessment and Communications) were subsequently expanded to seven to include Optioneering, Climate Effects, and Ownership and Governance. Scope expansion led to the completion date for Phase 2 being extended from 2014 to September 2015. Phase 2 has had a significant impact on the Rivers and Drainage Asset Management Plan, 30-year Council Infrastructure Strategy and Long Term Plan 2015-2025 .

Flood Risk Management Framework Project

We worked with Western Bay of Plenty District Council (WBOPDC), Tauranga City Council (TCC) and Whakatāne District Council (WDC) on the development of the Flood Risk Management Framework. During the past year further catchments were added to the pilot catchments so that there are now four pilot catchments being worked on. Work in the Wainui Te Whara catchment has progressed further to the point where a preferred solution has been selected by WDC and final design is underway.

The Flood Risk Framework Project consists of four phases, Phase 1 – Setting the Scene, Phase 2 – Analysis and Assessment, Phase 3 – Implementation, and Phase 4 – Review.

Work is progressing through the second phase of the project and has reached the point where action plans are being developed.

Catchment modelling work is underway in the WBOPDC and TCC Catchments to trial the various solutions. Work in the Wainui Te Whara Catchment has progressed further to the point where a preferred solution has been selected by WDC and final design work is underway.

Initial contact has been made with Rotorua Lakes Council on the framework and there has been an undertaking that work on the Utuhina Catchment will commence in 2016/17. A joint catchment modelling exercise with Ōpōtiki District has also been worked on during 2014/15 and the second stage of this modelling is to be undertaken in 2015/16.

Kopeopeo Canal Remediation Project

Remediation of the Kopeopeo Canal continued to be a high priority project in 2014/15. The resource consent applications (to WDC and BOPRC) cover the remediation of the Kopeopeo Canal by the transfer of sediment to three containment sites where treatment using bio-remediation can occur naturally over time. Key milestones achieved during 2014/15 include:

- Settlement of the appeal to the consent;
- Purchasing a new containment site in relation to the Appeal settlement;
- Appointment of individuals to fulfil key roles in the project including the project manager, engineer to contract, cultural monitor, and independent monitor;
- Forming the Community Liaison Group to ensure there is a good conduit for information transfer between the project and the community;
- Continued evaluation of, including lodging of a resource consent application to trial, an alternative methodology to eliminate and mitigate project risks.

Rangitāiki Floodway and Spillway Project

The Rangitāiki Spillway Structure construction has been deferred until 2019/20. Upper catchment option assessment was completed in lieu of detailed design to investigate preferred solutions. Stage 2B of Rangitāiki Floodway Widening project was completed on time and within budget.

Routine Scheme Operations

All 42 schemes managed by the Bay of Plenty Regional Council were operated and maintained in accordance with the Rivers and Drainage Asset Management Plan and/or the ratepayer agreed annual works programmes.

Other Capital Works

The Rangitaki Drainage culvert replacement programme proceeded throughout the year. Following condition assessments a number of culverts and floodgates were replaced.

The Rangitāiki left stopbank - Te Teko School section was partially completed during 2014/15. Additional construction works are required during 2015/16 to complete the project.

Other achievements included:

- All reviews of district applications, resource consents and flood levels were undertaken within required timeframes.
- Lake Ōkāreka pipeline replacement undertaken on time, within budget and to required quality.
- Kaituna River Scheme capacity review undertaken to support the successful Kaituna Diversion consent application.

How we did

Key Performance Indicator	Target	How did we do?	Comment
Provide region-wide river management and engineering advice to reduce flood risk			
Timely, up to date information on river engineering and flood risk is provided to the community through the website and response to requests. All requests are initially responded to within five working days.	100%		Full data on response times have not been collected this year. We believe that the target response time has been met, but are unable to confirm 100% of target times met. This KPI is not active and is not included in the Long Term Plan 2015-2025.
Provide flood protection in river and drainage scheme areas to current design levels			
No failure of flood protection systems below specified design levels for all river and drainage schemes: ▪ Kaituna Catchment Control Scheme ▪ Rangitāiki-Tarawera Rivers Scheme ▪ Whakatāne-Tauranga Rivers Scheme ▪ Waioeka-Otara Rivers Scheme ▪ Rangitāiki Drainage Scheme ▪ Minor Rivers and Drainage Schemes.	Zero failures		No failures of the flood protection system have occurred in 2014/15 across any of the applicable river and drainage schemes identified in the KPI. Note: There are six KPI targets achieved for this Level of Service.

Key Performance Indicator	Target	How did we do?	Comment
Community receives timely warning of potential flooding allowing them to take actions to avoid the hazard			
All flood warnings at pre-determined levels are given in accordance with the flood warning manual.	100%	Achieved	All flood warnings were issued in accordance with the flood warning manual. There were 16 trigger levels exceeded due to storm evens and 16 flood warnings issued. For one trigger event the Flood Manager did not issue a warning because the water levels reduced not long after the trigger was alerted.

Achieved	Not achieved	Not applicable/no data available

What it cost

The Rivers, Drainage and Flood Management activity finished the year with a surplus of $1.77 million compared to a budgeted surplus of $2.22 million.

Delays in the consent process for the Kopeopeo Canal project meant that $667,000 funding for physical works from the Ministry for the Environment will be delayed until 2015/16 and 2016/17.

Capital expenditure in the Rivers, Drainage and Flood Management activity was $3.91 million against a budget of $4.99 million.

The Whakatane-Tauranga Rivers Scheme Stopbank Stage 1 project has not proceeded as modelling has not been completed to undertake design requirements. These works are now programmed for 2017/18 and 2018/19.

The purchase of land required for the Kopeopeo Canal Project has been made and works are able to commence in 2015/16.

Rivers, Drainage and Flood Management Activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
1,455	General rates	1,355	1,355
8,391	Targeted rates	8,463	8,463
2,620	Investment income	2,575	2,503
0	Operating grants and subsidies	193	864
627	Capital grants and subsidies	0	0
1,518	Other revenue	109	84
203	Fees and charges	245	119
14,814	**Total revenue**	**12,940**	**13,387**
	Operating expenditure by programme		
2,081	Kaituna Catchment Control Scheme	1,644	1,805
2,475	Rangitaiki-Tarawera Rivers Scheme	2,240	2,317
1,690	Whakatane-Tauranga Rivers Scheme	1,530	1,625
915	Waioeka-Otara Rivers Scheme	872	951
858	Rangitaiki Drainage Schemes	828	799
747	Minor Rivers and Drainage Schemes	990	775
3,009	Engineering and Non-scheme Activity	3,070	2,900
11,775	**Total expenditure**	**11,174**	**11,171**
3,038	**Operating surplus (deficit)**	**1,766**	**2,216**
	Reconciliation of operating surplus (deficit)		
2,003	Transfers to general and special reserves	3,227	1,093
(760)	Transfers from general and special reserves	(2,410)	(138)
627	Capital grant transferred to capital reserves	0	0
(235)	Capx tfer offset non funded depreciation	(235)	(235)
1,402	Capx tfer to Asset Rpl Rsv - Additional payments for loans	1,184	1,497
3,037	**Operating surplus (deficit)**	**1,766**	**2,216**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by programme (detail)		
	Kaituna Catchment Control Scheme		
600	Kaituna Flood Damage Repairs	0	0
8	Okere Control Gates	0	70
0	Kaituna Drainage Culvert Replacements	57	0
0	Kaituna Canal Stream Management	3	0
608		60	70
	Rangitāiki-Tarawera Rivers Scheme		
3,247	Rangitāiki Floodway Widening Works	2,574	2,517
2,147	Rangitāiki Flood Damage Repairs	0	0
16	Rangitāiki-Tarawera Geotech Works	0	0
0	Rangitāiki Stopbank Works	56	126
0	Rangitaiki River Flow Monitoring Site	41	0
5,409		2,671	2,643
	Whakatane-Tauranga Rivers Scheme		
368	Whakatāne-Tauranga Flood Damage Repairs	0	0
101	Whakatāne Stopbank Works	124	378
470		124	378
	Waioeka-Otara Rivers Scheme		
305	Waioeka-Otara Flood Damage Repairs	0	0
305		0	0

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Rangitaiki Drainage Schemes		
197	Rangitāiki Drainage Floodgate Replacements	31	125
197		31	125
	Minor Rivers and Drainage Schemes		
0		0	0
	Engineering Advice and Non-Scheme Works		
0	Kope Canal Remediation Capital	1,024	1,777
0		1,024	1,777
6,989	**Total capital funding required**	**3,910**	**4,994**
	Capital funding source		
(1,834)	Transfers to general and special reserves	(1,808)	(2,217)
6,362	Transfers from general and special reserves	3,910	4,923
1,402	Additional funding for loan repayments	1,184	1,497
1,058	Transfers from capital and asset replacement reserves	624	791
6,989	**Total capital funding**	**3,910**	**4,994**

Flood Protection and Control Works Group of Activities

What it cost

The Flood Protection and Control Works Group of Activities finished with a net surplus of $1.8 million compared with a budgeted $2.2 million surplus. Explanations for variances can be found in the activity's financial performance section under the heading 'What it cost'.

Flood Protection and Control Works Group financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
1,455	General rates	1,355	1,355
8,391	Targeted rates	8,463	8,463
2,620	Investment income	2,575	2,503
0	Operating grants and subsidies	193	864
627	Capital grants and subsidies	0	0
1,518	Other revenue	109	84
203	Fees and charges	245	119
14,813	**Total revenue**	**12,940**	**13,387**
	Operating expenditure by activity		
11,776	Rivers, Drainage & Flood Management	11,174	11,171
11,776	**Total expenditure**	**11,174**	**11,171**
3,036	**Operating surplus (deficit)**	**1,766**	**2,216**
	Reconciliation of operating surplus (deficit)		
2,002	Transfers to general and special reserves	3,228	1,093
(760)	Transfers from general and special reserves	(2,411)	(138)
627	Capital Grants Received	0	0
(235)	Capx tfer offset non funded depreciation	(235)	(235)
1,402	Additional funding for loan repayments	1,184	1,497
3,036	**Operating surplus (deficit)**	**1,766**	**2,216**

Flood Protection and Control Works Group capital funding and expenditure

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Capital expenditure by activity		
6,989	Rivers, Drainage & Flood Management	3,910	4,994
	Capital disposals by activity		
	Environmental loans by activity		
6,989		**3,910**	**4,994**
0	Loan repayment	0	0
6,989	**Total capital and loan funding required**	**3,910**	**4,994**
	.		
	Capital and loan funding source		
0	Loans raised	0	0
(1,834)	Transfers to general and special reserves	(1,808)	(2,217)
6,239	Transfers from general and special reserves	3,910	4,923
1,402	Additional funding for loan repayments	1,184	1,497
1,181	Transfers from capital and asset replacement reserves	624	791
6,989	**Total capital and loan funding**	**3,910**	**4,994**

Corporate Services Group of Activities

What we do

The Corporate Services Group of Activities supports the activities delivered by Council. The cost of these functions is allocated to the relevant activities based on service level agreements between the corporate function and the groups of activities.

Corporate Services

Corporate Services is comprised of the following programmes:

- Information Services;
- Information Technology;
- Human Resources;
- Business Improvements;
- Support Services;
- Property and Procurement;
- Data Services;
- Geospatial Services; and
- Finance.

As well as servicing the needs of internal clients, a number of these activities also generate external income.

Summary of how we did

Overall we achieved some significant progress with Corporate Services projects. We continued to improve on our internal systems and procedures, ensuring efficient and effective services are provided and improved upon.

What we did

Projects

The Corporate Services Group of Activities highlights for 2014/15 included:

Information Services and Information Technology:

- An information technology project (Project Accelarate) was initiated. This project will improve business processes, provide better mobile solutions and access to Council data for the public. A vendor was selected and implementation commenced.
- Our finance system (Technology One Finance) and Human Resource system upgraded. This project will simplify finance structures and processes.
- Desktop computer hardware replaced with more portable laptop equipment to aid mobility.
- Video-conference equipment upgraded to meet the new local government multi-site meeting needs.
- Computer network infrastructure provided for the Tauranga First Avenue office fit-out.

Property:

- Completed a fit out of new leased premises in First Avenue, Tauranga to include staff accommodation and Council meeting facilities.
- Two lifts were replaced in Regional House, Tauranga.
- An additional storage shed was built in Whakatāne.
- Twenty vehicles were replaced during the 2014/15 year in line with Council’s fleet replacement policy.

Data Services:

- Installed seven new sites monitoring groundwater levels, with the majority of these being in the priority water management areas.
- Equipment was purchased for two surface flow monitoring sites to be installed in the mid and lower Rangitāiki water management area.
- Upgraded the laboratory information management system in order to deliver process and reporting efficiencies while improving quality control.

Geospatial:

- Upgraded the Council staff and public web mapping software. This has led to increased use of Geospatial Information System (GIS) tools by staff and has also allowed the public improved access to Council data.
- Began the roll out of mobile GIS tools to some business groups - e.g. Land Management for fence line capture and Rotorua Insulation field surveys.
- Began the implementation of Bay of Plenty (BOP) Maps. Bay of Plenty Maps brings together Regional Council and Territorial Authority spatial data to provide a single, consistent view of Local Government information.

What it cost

The Corporate Services Group recorded a deficit of $1,028,000 at year end.

Investment income was lower than planned due to interest rates being lower than forecast.

The remainder of the deficit is due to increased levels of service provided to the Council's core activities.

Capital expenditure in all areas of Corporate Services was under budget.

The Geospatial Programme was under budget as the Regional GIS Project, a collaborative project with BOPLASS, did not occur and savings were achieved while sourcing Land Cover data.

In the Information Services Programme a number of technology projects have also been deferred.

Corporate Services Group financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Operating revenue by class		
82	General rates	520	(182)
(183)	Targeted rates	(358)	(86)
(1,090)	Investment income	(1,115)	(638)
0	Operating grants and subsidies	0	0
1,837	Other revenue	1,728	1,652
37	Fees and charges	46	0
681	**Total revenue**	**820**	**747**
	Operating expenditure by programme		
1,389	Corporate Services	1,848	747
1,389	**Total expenditure**	**1,848**	**747**
(708)	**Operating surplus (deficit)**	**(1,028)**	**0**
	Reconciliation of operating surplus (deficit)		
0	Transfers to general and special reserves	0	0
(707)	Transfers from general and special reserves	(1,027)	0
0	Capital grants transferred to capital reserves	0	0
0	Capx tfer offset non funded depreciation	(1)	0
(707)	**Operating surplus (deficit)**	**(1,028)**	**0**

Corporate Services group capital funding and expenditure

	Capital expenditure by programme		
3,655	Corporate Services	4,926	6,343
	Capital Disposals by programme		
(346)	Corporate Services	(217)	(315)
3,307	**Total capital expenditure**	**4,709**	**6,028**
0	Loan repayment	0	0
0	Transfers to investment fund	0	0
3,308	**Total capital funding required**	**4,709**	**6,028**
	Capital funding source		
0	Loans raised	0	0
(371)	Transfers to general and special reserves	(359)	(1,877)
265	Transfers from general and special reserves	499	2,636
0	Additional funding for loan repayments	0	0
3,760	Transfers from capital and asset replacement reserves	4,751	5,270
(346)	Tfer to Asset Replacement Reserves	(182)	0
3,308	**Total capital funding**	**4,709**	**6,028**

Consolidated Financial Statements

Bay of Plenty Regional Council

Statement of comprehensive revenue and expense for the year ended 30 June 2015

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
		Operating revenue				
31,092	31,092	Rates	3	31,651	32,086	32,086
8,390	8,390	Subsidies and grants	4	12,740	9,695	9,695
26,526	16,714	Finance revenue	5	27,457	26,927	18,009
13,526	282,951	Trading and other revenue	6	11,536	12,851	283,196
164	14,892	Other gains	7	-	85	22,794
79,698	**354,039**	**Total operating revenue**	**50**	**83,384**	**81,644**	**365,780**
		Operating expenditure				
25,951	67,870	Employee benefit expenses	8	25,928	29,235	72,311
5,468	27,857	Depreciation and amortisation	17,18	5,820	5,670	28,911
54,098	149,006	Trading and other expenses	9	59,390	50,317	145,747
308	18,607	Finance costs	5	-	-	20,285
74	4,285	Other losses	7	-	10	5,373
85,899	**267,625**	**Total operating expenditure**		**91,138**	**85,232**	**272,627**
-	-	Net gain on disposal of investments		-	-	8,609
-	9,370	Impairment of goodwill		-	-	(6,221)
-	-	Share of profit of Equity Accounted Investees		-	-	10,298
(6,201)	**95,784**	**Surplus/(deficit) before taxation**		**(7,755)**	**(3,588)**	**105,839**
-	26,559	Income tax expense	10	-	-	26,243
(6,201)	**69,225**	**Surplus/(deficit) after taxation**		**(7,755)**	**(3,588)**	**79,596**
		Attributable to:				
(6,201)	33,967	Equity holders of the parent		(7,755)	(3,588)	43,934
-	35,258	Non-controlling interest	30	-	-	35,662
(6,201)	**69,225**			**(7,755)**	**(3,588)**	**79,596**

The accompanying notes form part of these financial statements.

Bay of Plenty Regional Council

Statement of other comprehensive revenue and expense for the year ended 30 June 2015

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
(6,201)	**69,225**	**Net surplus/(deficit) after tax**		**(7,755)**	**(3,588)**	**79,596**
		Other comprehensive revenue and expense				
		Items that could be reclassified to surplus/(deficit):				
-	-	Gain on land and building revaluations		264	797	797
-	-	Gain on plant revaluations		0	576	576
(170)	(170)	Gain on Infrastructure assets revaluations		3,348	2,436	2,436
(2,158)	(2,158)	Financial assets at fair value through comprehensive revenue and expense		(481)	1,295	1,294
(4)	32	Cash flow hedges - changes in fair value		-	-	(4,584)
-	3,157	Cash flow hedges - reclassified to profit or loss		-	-	1,624
-	(58)	Net changes in cash flow hedges transferred to property, plant and equipment, net of tax		-	-	461
-	181	Change in share of equity accounted investees' cash flow hedge reserve		-	-	(269)
		Items that will not be reclassified to surplus/(deficit):				
-	-	Asset revaluation net of tax		-	-	67,587
-	-	Kiwifruit licence revaluation		-	-	165
-	-	Change in share of equity accounted investees' revaluation reserve		-	-	(328)
(2,332)	976	Total other comprehensive revenue and expense		3,131	5,105	69,758
(8,533)	**70,201**	**Total comprehensive revenue and expense**		**(4,624)**	**1,515**	**149,354**
		Total comprehensive revenue and expense attributable to:				
(8,533)	33,453	Equity holders of the parent		(4,624)	1,515	84,633
-	36,748	Non-controlling interest		-	-	64,721
(8,533)	**70,201**			**(4,624)**	**1,515**	**149,354**

The accompanying notes form part of these financial statements.

Bay of Plenty Regional Council

Statement of changes in equity/net assets for the year ended 30 June 2015

Council 2013/14 $000	Group 2013/14 $000		Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
449,883	1,122,227	**Balance at 1 July**	445,689	441,350	1,156,075
(8,533)	70,201	Total comprehensive revenue and expense for the year	(4,624)	1,515	149,354
441,350	1,192,428		441,065	442,865	1,305,429
-	16	Increase in paid up capital	-	-	-
-	(36,372)	Dividends to shareholders	-	-	(40,306)
-	-	Bonus issue to employees	-	-	(130)
-	3	Non controlling interest adjustments	-	-	2
-	-	Equity settled share-based payment accrual	-	-	1,041
441,350	**1,156,075**	**Balance at 30 June**	**441,065**	**442,865**	**1,266,036**
		Total comprehensive revenue and expenses attributable to:			
(8,533)	33,453	Equity holders of the parent	(4,624)	1,515	84,633
-	36,748	Non-controlling interest	-	-	64,721
(8,533)	**70,201**		**(4,624)**	**1,515**	**149,354**

The accompanying notes form part of these financial statements.

Bay of Plenty Regional Council

Statement of financial position as at 30 June 2015

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
		Current assets				
50,710	78,238	Cash and cash equivalents	11	5,052	10,615	43,092
1,514	2,814	Other financial assets - current	15	20,681	28,800	28,800
11,347	52,535	Trade and other receivables	12	8,294	13,836	55,053
195	1,229	Inventories	13	202	229	928
-	52	Derivative financial instruments	16	-	-	1,066
63,766	**134,868**	**Total current assets**		**34,229**	**53,480**	**128,939**
		Non-current assets				
4,940	4,940	Trade and other receivables - long term	14	6,347	3,705	3,705
273,799	1,270,570	Property, plant and equipment	17	286,584	280,635	1,375,738
2,800	47,334	Intangible assets	18	4,165	4,085	26,268
-	4,215	Biological assets	19	-	-	6,049
-	9,932	Investment property	20	-	-	10,735
-	71,079	Investments in equity accounted associates	22	-	-	119,032
		Other financial assets:				
1,877	1,866	- Investment in CCO's and other similar entities	15	1,877	1,877	1,866
148,845	225,370	- Investment in other entities	15	159,876	151,631	264,720
-	-	Derivative financial instruments	16	-	-	280
432,261	**1,635,306**	**Total non-current assets**		**458,850**	**441,933**	**1,808,393**
496,027	**1,770,174**	**Total assets**		**493,078**	**495,413**	**1,937,332**
		Current liabilities				
11,959	32,085	Trade and other payables	23	9,696	9,528	30,508
-	-	Deferred consideration	38	-	-	500
2,862	4,492	Employee benefit liabilities	25	2,313	3,069	5,189
-	160,202	Borrowings	26	-	-	180,297
-	413	Provisions	27	-	-	-
-	1,209	Derivative financial instruments	16	-	-	977
-	**9,470**	Current taxation		**-**	**-**	9,919
14,821	**207,871**	**Total current liabilities**		**12,008**	**12,597**	**227,391**

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
		Non-current liabilities				
-	48	Trade and other payables	23	-	-	32
855	2,305	Employee benefit liabilities	25	1,004	951	2,558
-	351,014	Borrowings	26	-	-	374,450
-	302	Provisions	27	-	-	-
-	500	Deferred consideration	38	-	-	-
39,000	-	Put option	44	39,000	39,000	-
-	3,340	Derivative financial instruments	16	-	-	8,384
-	48,718	Deferred tax liabilities	24	-	-	60,357
39,855	**406,227**	**Total non-current liabilities**		**40,004**	**39,951**	**445,781**
54,676	**614,097**	**Total liabilities**		**52,012**	**52,549**	**673,171**
441,351	**1,156,076**	**Total net assets**		**441,066**	**442,865**	**1,264,161**
		Equity				
140,537	162,006	Retained earnings	28	149,716	141,637	201,510
300,814	628,009	Reserves	29	291,350	301,228	662,747
441,351	**790,015**	**Total equity attributable to the group**		**441,066**	**442,865**	**864,257**
-	366,061	Non-controlling interest	30	-	-	399,904
441,351	**1,156,076**	**Total equity**		**441,066**	**442,865**	**1,264,161**

The accompanying notes form part of these financial statements.

Bay of Plenty Regional Council

Statement of cash flows for the year ended 30 June 2015

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
		Cash flows from operating activities				
31,412	31,412	Rates		31,752	31,951	31,951
8,770	8,770	Grants		13,029	10,625	10,625
(2,010)	(2,010)	GST		(17)	971	971
13,916	278,429	Receipts from customers		11,468	9,999	282,806
9,925	10,782	Interest received		11,546	11,321	12,955
14,705	3,086	Dividends		15,911	15,943	4,078
-	(27,355)	Taxes paid		-	-	(28,886)
(76,211)	(216,415)	Payments to suppliers and employees		(84,785)	(83,475)	(221,982)
-	(7)	Subvention Income		-	-	-
(34)	(17,731)	Interest paid		-	(0)	(19,145)
473	**68,961**	**Net cash from operating activities**	**31**	**(1,096)**	**(2,665)**	**73,373**
		Cash flows from investing activities				
348	488	Proceeds from sale of property, plant and equipment		315	218	730
-	-	Proceeds from disposal of equity accounted investee		-	-	167
57,800	66,148	Proceeds from sale of investments		38,500	48,500	67,426
-	8,155	Dividends from equity accounted investees		-	-	8,504
-	4,258	Finance lease payments received, including interest		-	-	2,116
(10,830)	(71,949)	Purchase of property, plant and equipment		(13,454)	(7,706)	(62,059)
(1,031)	(1,547)	Purchase of intangibles		(3,505)	(2,437)	(2,637)
-	-	Purchase of investment property		-	-	(178)
(10,000)	(19,888)	Purchase of investments		(27,014)	(75,800)	(117,960)
-	-	Cash transferred to Coda Operations Limited partnership on disposal of subsidiary operations		-	-	(929)
(17)	(17)	Purchase of shares		-	-	-
-	(1,500)	Payment of deferred and contingent consideration		-	-	-

Council 2013/14 $000	Group 2013/14 $000		Notes	Budget 2014/15 $000	Council 2014/15 $000	Group 2014/15 $000
-	1,300	Maturing Term Deposit		-	-	1,300
-	(437)	Payments under finance leases, including interest		-	-	(197)
-	(19,776)	Purchase of Equity Accounted Investee		-	-	(3,889)
-	(1,400)	Advances to Equity Accounted Investee		-	-	(6,180)
-	(10,000)	Consideration for net assets of Priority Logistics Group		-	-	-
-	(2,062)	Consideration for net assets of PrimePort Timaru		-	-	-
36,270	**(48,227)**	**Net cash from investing activities**		**(5,158)**	**(37,224)**	**(113,785)**
		Cash flows from financing activities				
-	16	Proceeds from share/units issue		-	-	-
-	(34,000)	Repayment of borrowings		-	-	(50,500)
-	64,155	Increase in borrowings		-	-	95,180
-	(500)	Purchase of premium paid collars		-	-	-
-	-	Repurchase of shares		-	-	(248)
(1,515)	(1,515)	Long term loans - Clean Heat		(2,010)	(826)	(826)
179	179	Loan repayments - Clean Heat		477	619	619
-	(36,372)	Dividends paid		-	-	(40,306)
(1,336)	**(8,037)**	**Net cash from financing activities**		**(1,533)**	**(207)**	**3,920**
-	(316)	Effects of exchange rate changes on cash and cash equivalents		-	-	1,346
35,407	12,381	Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(7,789)	(40,096)	(35,146)
15,303	65,857	Cash, cash equivalents and bank overdrafts at the beginning of the year		12,839	50,711	78,238
50,710	**78,238**	**Cash, cash equivalents and bank overdrafts at the end of the year**	11	**5,051**	**10,615**	**43,092**

The accompanying notes form part of these financial statements.

Statement of Involvement in Council Controlled Organisations (CCOs)

The Council has control over the following entities:

- Quayside Holdings Limited and its subsidiaries, Quayside Securities Limited and Quayside Securities Limited as trustee for the Quayside Unit Trust and Quayside Investment Trust, and Quayside Properties Limited. Quayside Securities Limited as trustee for the Quayside Unit Trust holds 54.14 percent shareholding in Port of Tauranga.
- The Council holds an 17.24 percent shareholding in Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd) along with eight other local authorities.
- The Council also has a shareholding in the Local Government Funding Agency (LGFA) along with 29 other councils.

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

Quayside Group

Performance targets and objectives

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

The Council's budgeted requirement for dividend income of $15.811 million (2014: $14.591 million) was met.

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

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

Achievements

During the year the Regional Council has been fully informed by Quayside Holdings Limited about the performance of the shareholding in Port of Tauranga Limited and other investments.The performance has broadly met the shareholders' expectations as defined in the Quayside Statement of Intent. Specifically, net dividend payments to Council in 2014/15 totalled $15.811 million, and dividend payments to Perpetual Preference Share members totalled $8.467 million in accordance with the Investment Statement, thereby satisfying the Statement of Intent target for the year.

BOPLASS

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

Performance Targets

To ensure the company continues to operate effectively in both governance and management terms over the next three years the targets are to:

- Investigate a minimum of four Joint Procurement initiatives per year for goods and services from sources offering best value, service continuity of supply and/or opportunities for integration;
- Provide support to BOPLASS councils that are managing or investigating shared services projects;
- Develop a Collaboration Portal for access to, and sharing of, project information from BOPLASS councils and the greater local government community;
- Manage and/or renegotiate existing contracts ensuring appointed vendors remain competitive and continued best value is returned to shareholders;
- Perform self assessment reviews of governance;
- Communicate with each shareholding council at appropriate levels with at least one meeting with each Executive Leadership Team per year;
- Ensure current funding model is appropriate and enables the Company to continue to remain financially viable.

Achievements

During the year the Regional Council has been fully informed by BOPLASS on its performance. Of the targets set in the 2014/15 Statement of Intent, Six were achieved and one target was not achieved (roll out of Collaboration Portal was delayed).

Local Government Funding Agency (LGFA)

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

LGFA was established by the Local Government Borrowing Act 2011. The Council is a shareholder along with 29 other local authorities throughout New Zealand and Central Government.

Performance Targets

The following objectives, policies or performance targets were set for 2014/15.

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

- Providing estimated savings in annual interest costs for all Participating Local Authorities of a least 30 basis points, based on the methodology set out in LGFA's Annual Report 2012-2013;
- Making longer-term borrowings available to participating local authorities.
- Enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice.

LGFA has a number of additional objectives which complement the primary objective. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in the Statement of Intent.
- Provide at least 50 percent of aggregate long-term debt funding for participating local authorities.

- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses.
- Maintain LGFA's credit rating equal to the Government sovereign rating where both entities are rated by the same Rating Agency.
- Achieve the Financial Forecasts set out in the Statement of Intent.
- Meet or exceed the Performance Targets outlined in the Statement of Intent.
- Comply with its Treasury Policy, as approved by the Board.

Achievements

The Regional Council has been fully informed by the LGFA through quarterly and half yearly report, and the objectives set have been broadly met during the year.

Notes to the Financial Statements

1. Statement of accounting policies

Reporting entity

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

The group consists of the ultimate parent, Bay of Plenty Regional Council and its subsidiary, Quayside Holdings Limited (a 100% owned investment company). Quayside Holdings Limited has a 100% shareholding in Quayside Properties Limited, Quayside Unit Trust, Quayside Investment Trust, and Quayside Securities Limited. The principal activity of Quayside Securities Limited is to act as trustee for the Quayside Unit Trust and Quayside Investment Trust. Quayside Securities Limited as trustee owns 54.14% of the shares in Port of Tauranga Limited (Port Company). The Council's subsidiaries are incorporated and domiciled in New Zealand.

The Council and group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 15 October 2015.

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

Basis of preparation

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

Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (GAAP).

The financial statements have been prepared in accordance with with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising from transition to the new PBE accounting standards.

Measurement base

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

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

Changes in accounting policies

There has been a change in accounting policy relating to the timing of the revaluation for Rivers and Drainage. Rivers and Drainage was revalued as at 1 July 2014, a change in date from 2013 to the beginning of the financial year rather than the last day of the financial year. A fair value assessment was performed as at 30 June to identify if there was any material differences; there was not. This timeline will continue for future years.

Standards issued and not yet effective and not early adopted

Council

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

Subsidiary

The following new standards are effective for annual periods beginning on or after 1 July 2015 for the Subsidiary, and have not been applied in preparing these financial statements:

NZ IFRS 9 Financial Instruments

This standard becomes mandatory for the Group's 2019 consolidated financial statements and could change the classification and measurement of financial assets. Management is currently in the process of evaluating the potential effect of the adoption of NZ IFRS 9.

NZ IFRS 15 Revenue from Contracts with Customers

This standard was issued by the International Accounting Standards Board ("IASB") on 28 May 2014. The standard replaces NZ IAS 11 Construction Contracts, NZ IAS 18 Revenue, IFRS Interpretations Committee ("IFRIC") 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and Standards Interpretations Committee ("SIC") 31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers and is effective for annual periods beginning on or after 1 January 2017, with the early adoption permitted under NZ IFRS.

Management is currently in the process of evaluating the potential effects of the adoption of NZ IFRS 15.

Agriculture: Bearer Plants – Amendments to NZ IAS 16 and NZ IAS 41

This amendment was issued in June 2014 and is mandatory for annual periods beginning on or after 1 January 2016. This standard will apply to kiwifruit vines. Whilst the produce remains within the scope of NZ IAS 41, the bearer plant (i.e. the vine) is subject to all the recognition and measurement requirements of NZ IAS 16 including the choice between the cost model and revaluation model. Management is currently in the process of evaluating the potential effect of the adoption of the amendments.

Summary of significant accounting policies

Basis of consolidation

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

Group

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

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

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

Subsidiary

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

In respect of Quayside Holdings accounts, the accounting policy is to account for subsidiary investments at fair value as an available-for-sale financial asset.

Equity Accounted Investees

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

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

Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Non controlling interest

The share of net assets of controlled entities attributable to non controlling interests is disclosed separately in the statement of financial position. In the Statement of comprehensive revenue and expense, the surplus or deficit of the group is allocated between the Council and non controlling interest.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised revenue and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations and Investments in Equity Accounted Investees

The group applies the acquisition method for all business combinations. The consideration transferred in an acquisition includes the fair values of the assets transferred, liabilities incurred by the group to the previous owners of the acquiree, and the fair value of contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at acquisition date, irrespective of the extent of non controlling interest.

Where the group contributes a non-monetary asset, that does not constitute a business, to an Equity Accounted Investee in exchange for an equity interest in an investee, the Group recognises any gain or loss on disposal of the non-monetary asset to the extent of the interest of the other venturers in the Equity Accounted Investees. Where the Group contributes a non-monetary asset, that does constitute a business, to an Equity Accounted Investee, the Group recognises the full gain or loss on disposal of the non-monetary asset.

The group measures goodwill as the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date. The same approach is used to ascertain the value of goodwill included within the carrying amount of investments in Equity Accounted Investees.

If the cost of a business combination is less than the fair value of the net identifiable assets transferred, the difference is recognised directly in the statement of comprehensive revenue and expense.

If the cost of investment in an Equity Accounted Investee is less than the fair value of the share of net identifiable assets of the investee, the difference is recognised by the Group in the statement of comprehensive revenue and expense within share of profit from Equity Accounted Investees.

Transaction costs that the Group incurs in connection with a business combination such as legal fees, due diligence fees and other professional and consulting fees are expensed as incurred. When investing in an Equity Accounted Investee, the same types of transaction costs are included as a component of the cost of the investment.

Sale of Interest in Subsidiary

When the Group sells a shareholding in a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Foreign currency

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

Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies have been applied:

- General rates, targeted rates, and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction in rates revenue when the Council has received an application that satisfies its rates remission policy.

Government grants

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

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

Other grants

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

Provision of services

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

Vested or donated physical assets

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

Sale of goods

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

Finance revenue

Finance revenue comprises interest revenue on funds invested, finance lease interest and gains on hedging instruments that are recognised in the statement of comprehensive revenue and expense. Interest revenue is recognised as it accrues, using the effective interest method. Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Dividends are recognised on the date that group's right to receive payment is established, being the ex-dividend date.

Port services

Port services revenue is recognised when the related service is performed. If at reporting date, the service is in progress, then the portion performed is recognised in the current year.

Rental income

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

Transport services

Transport services revenue is recognised when the service is performed. If at reporting date, the service is in progress, then the portion performed is recognised in the current year.

Marshalling services

Marshalling services revenue is recognised when the service is performed. If at reporting date, the service is in progress, then the portion performed is recognised in the current year.

Kiwifruit income

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

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive revenue and expense except to the extent that it relates to items recognised in other comprehensive revenue and expense or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit; and differences relating to investments in subsidiaries and Equity Accounted Investee entities, to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Leases

Where the group is the lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payment. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Payments made under finance leases are allocated between the liability and finance charges, using the effective interest method, so as to achieve a constant periodic rate of interest on the finance balance outstanding. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Where the group is the lessor

When assets are leased under a finance lease, where the lessee effectively receives substantially all the risks and benefits of ownership of the leased items, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Assets leased under operating leases are included in investment property or property, plant and equipment in the statement of financial position as appropriate. Payments received under operating leases are recognised in the Statement of comprehensive revenue and expense on a straight line basis over the term of the lease.

Grant expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Finance expenses

Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions, impairment losses recognised on financial assets (except for trade receivables), and losses on hedging instruments that are recognised in the statement of comprehensive revenue and expense. All borrowing costs are recognised in the statement of comprehensive revenue and expense using the effective interest method except for borrowing costs on constructed assets (subsidiary only) which are capitalised (refer to note 17). The Council does not capitalise borrowing costs and this difference is adjusted for on consolidation.

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 statement of financial position.

Receivables

Receivables are recorded at their face value 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 are measured at cost (using the first in–first out method) adjusted, where applicable for any loss in service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

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

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

Other Financial assets

The group initially recognises loans and receivables on the date that they originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

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

The group classifies non-derivative financial assets into the following categories:

Held to maturity investments

If the group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Held to maturity investments are term deposits.

Financial assets held for trading through surplus or deficit

A financial asset is classified at fair value through surplus or deficit if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through the surplus or deficit if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Attributable transaction costs are recognised in the surplus or deficit as incurred. Financial assets at fair value through surplus or deficit are measured at fair value and changes therein, which takes in to account any dividend income, are recognised in the surplus or deficit.

Financial assets designated at fair value through the surplus or deficit include: equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables include: advances and receivables; cash and cash equivalents; trade and other receivables.

Available for sale financial assets

Available-for-sale financial assets are non-derivative assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive revenue and expense and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to the surplus or deficit.

Available-for-sale financial assets include: shares held in the Port of Tauranga Limited and bonds and other fixed rate notes held by Council.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and group includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Investments carried at cost

Bay of Plenty Regional Council's investment in its subsidiary is carried at cost.

Impairment of assets

The carrying amounts of the group's property, plant and equipment, intangibles and investments in Equity Accounted Investees, subsidiaries and receivables, are reviewed at each reporting date to determine whether there is any objective evidence of impairment. With respect to goodwill, it is tested for impairment at least annually.

Property, Plant and Equipment, Intangibles and Investments in Subsidiaries and Equity Accounted Investees

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment of individual assets for which it is not possible to estimate the recoverable amount, these assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the cash generating unit on a pro-rata basis.

Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive revenue and expense, unless the asset is carried at a revalued amount in which case it is treated as a revaluation decrease and recognised in equity. An impairment loss in respect of goodwill is not reversed.

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

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

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

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

Advances and Receivables

The recoverable amount of advances and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Advances and receivables with a short duration are not discounted.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Derivative financial instruments and hedging activities

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

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

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on 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 relationship (see below).

Cash Flow Hedges

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

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

Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive revenue and expense, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Biological assets

The group has biological assets of gold and green variety kiwifruit vines. Biological assets are measured at fair value less costs to sell, with any change therein recognised in the statement of comprehensive revenue and expense. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs.

Property, plant and equipment

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

- *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.
- *Harbour improvements*
- *Wharves and hardstanding*

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

Land and buildings held by Port of Tauranga Limited to provide a port facility to facilitate trade and commerce are accounted for as property, plant and equipment, notwithstanding that certain land and buildings are leased to port customers and operators.

Land and buildings that are not integral or associated with port operations and are leased with the principal objective of earning rentals and/or for capital appreciation are accounted for as investment properties.

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

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.

The cost of assets constructed by the subsidiary includes the cost of all materials used in construction, associated borrowing costs, direct labour on the project and an appropriate proportion of variable and fixed overheads. The subsidiary capitalises borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is deemed as having expenditure exceeding $500,000 and takes a substantial period, greater than six months, to complete and prepare the asset for its intended use. Costs cease to be capitalised as soon as the asset is ready for productive use. The Council does not capitalise borrowing costs and adjusts for this difference on consolidation.

Disposals

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

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 recognised in the surplus or deficit 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:

Council:

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

Subsidiary:

Class	Useful Life	Depreciation Rate
Freehold buildings	33 to 100 years	1% - 3%
Harbour improvements - Maintenance dredging	3 years	33.33%
Wharves and hardstanding:		
Wharves	10 to 60 years	1.67% to 10%
Wharf rocks	150 to 200 years	0.50% to 0.67%
Wharf piles	60 to 130 years	0.77% to 1.67%

Class	Useful Life	Depreciation Rate
Basecourse	50 years	2%
Asphalt	15 years	6.67%
Plant and equipment		
Gantry cranes	10 to 40 years	2.5% to 10%
Floating plant	10 to 25 years	4% to 10%
Other plant and equipment	5 to 25 years	4% to 20%
Electronic equipment	3 to 5 years	20% to 33.33%

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

Revaluation

Land, buildings (operational and restricted), infrastructure assets, harbour improvements and wharves and hardstanding are measured at fair value, based on periodic valuations by external independent valuers or valuations by Council employees which are reviewed by external independent consultants. Revaluations are performed with sufficient regularity to ensure that the carrying value of an asset does not differ materially from its fair value and at least every three years. Revaluation of property, plant and equipment are accounted for on a class of asset basis.

Any accumulated depreciation at the date of 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 the revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is first recognised in the surplus or deficit.

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 surplus or deficit.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

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 Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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

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

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Kiwifruit licences

Kiwifruit licences are initially measured at cost. After initial recognition, licences are carried at a revalued amount, being fair value at the date of revaluation less any subsequent accumulated impairment losses. The licences are revalued annually.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in other comprehensive revenue and expense. To the extent that the increase reverses a decrease previously recognised in the surplus or deficit, the increase is recognised in the surplus or deficit.

Decreases in the carrying amount on revaluation are recognised in the statement of comprehensive revenue and expense. Decreases that reverse previous increases of the same asset, are first charged against the revaluation reserve in other comprehensive revenue and expense, to the extent of any credit balance in the revaluation reserve in respect of that asset.

Other intangible assets

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

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 statement of comprehensive revenue and expense 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:

Rail services agreement	10 to15 years
Computer Software	1 to 10 years

Investment properties

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

Properties leased to third parties under operating leases are generally classified as investment property unless:

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

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

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

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

Cash-settled share based payments

The fair value of the amount payable under the long term management incentive plan in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities over the period that management unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee benefit expenses in the statement of comprehensive revenue and expense.

Equity Settled Share Based Payments

The grant-date fair value of equity-settled share-based payments is recognised as a rebate against revenue, with a corresponding increase in equity, over the vesting period. The amount recognised as a rebate is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

Payables

Short-term creditors and other payables are recorded at their face value.

Employee benefits

Long-term employee benefits

The group grants employees certain one-off annual leave entitlements upon reaching certain long service targets. The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on New Zealand Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Short-term employee benefits

Employee benefits expected to be settled within 12 months after the end of period in which the employee renders the related service are measured on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised by the subsidiary 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 KiwiSaver are accounted for a defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when 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 initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Non-derivative financial liabilities

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through surplus or deficit) are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument. The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities include: loans and borrowings, deferred consideration, trade and other payables.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council or group 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, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

The components of equity are:

(i) Retained earnings; and

(ii) Reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

The group holds the following reserves. All reserves are cash reserves except for the asset revaluation reserve and financial asset reserve.

Equalisation reserve

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

Asset revaluation reserve

This reserve is used by Council to reflect the net increase in the fair value of Property and Infrastructure assets. This is a non cash reserve and is available for use by any activity that controls infrastructure or property assets.

The subsidiary's revaluation reserve relates to the revaluation of land, buildings, wharves and hardstanding, harbour improvements and kiwifruit licences.

Asset replacement reserve

This is a reserve fund for asset replacement. Contributions to the reserve are from depreciation funding. Funds from the reserve are used for the purchase of replacement assets, and transfers to the regional project fund. This reserve is used by all activities.

Environmental enhancement fund

This reserve was established to support local projects that aim to enhance, preserve or protect the region's natural or historic character. Transfers to and from this reserve are approved by Council resolution. This reserve funds the Environmental Enhancement Programme in the Sustainable Communities Activity.

Flood and disaster reserves

This reserve holds funds accumulated for the purpose of contributing to flood damage or disaster events incurred by any of the five major river and/or drainage schemes.

Contributions to this reserve are from interest earned by the funds. There is a specific bank account for these funds. Withdrawals from this account are approved by Council resolution.

This reserve is used by the Rivers, Drainage and Flood Management Activity.

Investment fund reserve

This reserve is used to fund infrastructure projects that benefit the wider regional community. It was established with the proceeds of the perpetual preference share issue. Use of this reserve must comply with the Inland Revenue Department Binding Ruling. It is available for use by any activity that has infrastructure projects that meet this criteria.

Regional project fund reserve

This reserve is used to fund future infrastucture projects. It is replenished through budgeted contributions from activities, and is available for use by all activities.

Rates current accounts

The purpose of this reserve is to record the under or over-recovery of targeted rates carried forward to fund activities in future years. This is used by all activities that have targeted rates including Sustainable Water Management, Sustainable Air Management, Sustainable Transport, and Rivers, Drainage and Flood Management.

Rotorua Lakes restoration reserve

This reserve records the accumulation of funds available to finance deed funded lakes projects. This reserve holds all deed funded surpluses from Central Government (MfE) and the Council (general and targeted rate) funding allocated to match MfE funds. This reserve is used by the Sustainable Water Activity.

Financial assets available for sale reserve

This reserve reflects the net change in fair value of financial assets. This is a non-cash reserve. It is used by the Treasury programme within the Corporate Activity and by the subsidiary.

Hedging reserve

The group's hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

CDEM Group Reserve

This reserve records the accumulation of funds available to finance Civil Defence Emergency Management group related projects. This reserve holds all the group funded surpluses from the Territorial Authorities and the Regional Council funding. This reserve funds expenditure within the Sustainable Communities Activity.

Kaituna River Authority Reserve

This reserve holds accumulated funds received from the Ministry for the Environment on behalf of the Kaituna River Authority.

Share-based payment reserve

On 1 August 2014 the Port of Tauranga Limited issued 2,000,000 shares as a volume rebate to Kotahi Logistics Limited Partnership ("Kotahi") as part of a 10 year freight alliance. The shares are subject to a call option allowing the Port of Tauranga Limited to "call" shares back at zero cost if Kotahi fails to meet the volume commitments specified in the 10 year Container Volume Commitment Agreement.

The increase in the reserve recognises the shares earned based on containers delivered during the period.

The issue of the 2,000,000 shares to Kotahi has diluted the shareholding of the Quayside Group in the Port of Tauranga Limited to 54.14% (2014: 54.94%). On independent advice, and under IFRS, the corresponding movement in non-controlling interest is to be gradually recognised in the Group accounts as the shares are earned by Kotahi and subsequently released from any call under the container Volume Commitment Agreement.

Share capital

Ordinary shares and perpetual preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

Goods and Service Tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Subsidiary

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

Budget figures

The budget figures are those approved by the Council in its 2014/15 Annual Plan. The budget figures have been prepared in accordance with New Zealand GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Cost allocation

The cost of service for each significant activity of council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that 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 using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns, that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment, that are subject to risks and returns that are different from those of segments operating in other economic environments.

The group operates in two business segments, the first being the business of facilitating export and import activities (Port), and the second being the business of investment (Investing). Both segments operate in one geographic segment, being New Zealand.

Critical accounting estimates, assumptions and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- valuation of land, buildings, harbour improvements, and wharves and hardstanding (note 17)
- valuation of financial instruments (note 16)
- intangible assets (note 18)
- lease classification and accounting for arrangements containing a lease (note 32)
- Provisions (note 27)
- business combinations (note 1)
- valuation of investments in subsidiaries (note 21)
- valuation of investment properties (note 20)

- valuation of biological assets (note 19)
- trade receivables includes an estimated sale price for kiwifruit sold (note 12)

Classification of property

The subsidiary owns a number of properties which have been purchased for long term capital appreciation, rather than for short-term sale in the ordinary course of business. The receipt of market-based rental and the sale of biological produce from these properties is incidental to holding these properties.

Management, in applying their judgement have classified these properties as investment property according to NZ IAS 40.

Classification of Perpetual Preference Shares

The directors have considered the terms and conditions of Perpetual Preference Shares and the subsidiary has classified these shares as equity. Upon consolidation they are recognised as debt by the group. Note 34 explains the terms and conditions of the perpetual preference shares.

Put option

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

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

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

The key inputs and assumptions used in the models are:

- Nominal amount of credit protection on reference credit $200 million;
- Term of credit protection 10 years; and
- Probability of default is consistent with a BB^- to BB^+ credit quality. (Source: Moody’s, based on empirical observations in the period 1982 to 2012.)

The valuation of the put option was carried out by PricewaterhouseCoopers, Wellington on 31 August 2015.

Infrastructural assets

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

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

deterioration and condition modelling are also carried out regularly as part of the Council's Asset Management Planning Activities, which gives the Council further assurance over its useful life estimates.

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

Determination of fair values

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Land, Buildings, Harbour Improvements, and Wharves and Hardstanding

All land, buildings, harbour improvements, and wharves and hardstanding, were revalued at fair value, being market value for non specialised assets and depreciated replacement cost for specialised assets. The latest valuation was carried out by independent valuers at 30 June 2015, who have appropriate recognised professional qualifications and recent experience in the location and category of assets being valued.

Trade Receivables and Payables

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

Investment property, biological assets, kiwifruit licences

All investment property, biological assets and kiwifruit licences (intangible asset) were revalued at fair value, being market value. The latest valuation was carried out by independent valuers at 30 June 2015, who have appropriate recognised professional qualifications and recent experience in the location and category of assets being valued.The fair value measurement for these assets has been categorised as a level 3 fair value based on the inputs to the valuation technique.

Derivatives

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

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

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the reporting date. The fair value of fuel swaps is calculated as the present value of estimated future cash flows, based on forward commodity prices and forward exchange rates at the reporting date.

Valuation inputs for valuing derivatives are as follows:

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

Non derivative financial assets and liabilities (including capital notes, deferred consideration, finance lease assets and finance lease liabilities)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, and discounted at the market rate of interest at reporting date.

Fair value of Business Combinations:

The fair value methodologies used for determining the fair value of business combinations including the purchase of Equity Accounted Investees is as follows:

Asset acquired	Valuation technique
Valuation of business acquired	*Market comparison technique:* the fair value of the business is determined with reference to EBITDA multiples evidenced in similar transactions. *Discounted cash flow technique*: the fair value of the business is determined with reference to the anticipated free cash flows earned by the business over a forecast period discounted using a risk adjusted discount rate.
Property, plant and equipment	*Market comparison technique and cost technique:* the valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

2 Summary activity financial statement

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Revenue by activity		
6,903	Governance & Accountability	7,311	7,203
6,543	Strategic Policy	5,514	5,542
6,090	Sustainable Communities	5,741	5,839
10,163	Sustainable Land Management	8,211	7,764
4,700	Sustainable Water Management	7,496	10,378
5,701	Sustainable Coastal Management	6,086	5,108
1,187	Sustainable Air Management	1,275	1,270
4,694	Resource Regulation	7,541	6,452
2,663	Regional Monitoring	2,427	2,506
16,139	Sustainable Transport	17,133	17,910
1,082	Sustainable Regional Development	1,098	1,088
14,814	Rivers, Drainage & Flood Management	12,940	13,387
682	Corporate Services	820	747
81,360	**Revenue**	**83,593**	**85,194**
(1,662)	Less internal interest	(1,949)	(1,810)
79,699	**Total revenue**	**81,644**	**83,384**

Actual 2013/14 $000		Actual 2014/15 $000	Budget 2014/15 $000
	Expenditure by activity		
7,019	Governance & Accountability	7,566	7,212
6,209	Strategic Policy	6,193	5,549
5,587	Sustainable Communities	6,023	5,945
10,531	Sustainable Land Management	9,001	7,773
6,192	Sustainable Water Management	8,479	10,940
5,898	Sustainable Coastal Management	6,493	5,667
589	Sustainable Air Management	809	824
7,773	Resource Regulation	8,490	6,457
3,508	Regional Monitoring	2,376	2,508
15,123	Sustainable Transport	17,028	18,283
5,967	Sustainable Regional Development	1,701	9,873
11,775	Rivers, Drainage & Flood Management	11,174	11,171
1,389	Corporate Services	1,848	747
87,560	**Expenditure**	**87,181**	**92,948**
(1,662)	Less internal interest	(1,949)	(1,810)
85,899	**Total expenditure**	**85,232**	**91,138**
(6,201)	**Net cost of service**	**(3,588)**	**(7,755)**

3 Rates revenue

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
General rates	17,617	17,617	16,770	16,770
Targeted rates	14,812	14,812	14,629	14,629
Less: remissions	(343)	(343)	(307)	(307)
Total rates revenue	**32,086**	**32,086**	**31,092**	**31,092**

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

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

There are 121,998 rating units within the region as at 30 June 2015.

Bay of Plenty Regional Council does not use capital valuations as a rating mechanism.

The total land value of rating units within the region as at 30 June 2015 is $32,477,666,884

4 Subsidies and grants

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
New Zealand Transport Agency (Passenger Transport)	7,204	7,204	6,245	6,245
Ministry for the Environment (Rena long term recovery)	200	200	718	718
Ministry for the Environment (Rotorua Lakes deed funding)	1,161	1,161	-	-
Ministry for the Environment (Kopeopeo Canal)	193	193	301	301
Ministry for the Environment (Kaituna River Authority)	250	250	-	-
Department of Internal Affairs (Rangitaiki-Tarawera Rivers Schemes)	-	-	627	627
Other subsidies and grants	687	687	499	499
	9,695	**9,695**	**8,390**	**8,390**

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2014 nil).

5 Finance revenue and finance costs

Finance revenue	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Foreign Dividends	-	1,250	-	800
New Zealand dividends	15,943	2,805	14,705	2,371
Change in fair value of fair value hedge	-	-	-	-
Profit on commodity derivatives	-	-	-	-
Interest income	10,593	12,302	11,288	12,937
Income amortisation investments	390	390	533	533
Profit on currency derivatives	-	-	-	-
Ineffective portion of changes in fair value of cash flow hedges	-	1,261	-	21
Change in fair value of derivatives not hedge accounted	-	-	-	52
Total finance revenue	**26,927**	**18,009**	**26,526**	**16,714**
Finance costs				
Interest expense on borrowings	-	20,134	-	18,030
Less: interest capitalised to property, plant and equipment	-	-	-	-
Ineffective portion of changes in fair value of cashflow hedges	-	-	-	-
Change in fair value of fair value hedged risk	-	-	-	-
Change in fair value of derivatives not hedge accounted	-	-	274	274
Interest on finance leases	-	101	-	130
Interest on deferred consideration	-	50	-	139
Interest on contingent consideration	-	-	-	-
Loss on termination of interest rate swaps	-	-	-	-
Currency option expense	-	-	-	-
Distributions to Arawata Finance	-	-	-	-
Other interest paid	-	-	34	34
Total finance costs	**-**	**20,285**	**308**	**18,607**
Net finance revenue	**26,927**	**(2,277)**	**26,218**	**(1,893)**

Subsidiary:

The average weighted interest rate for interest capitalised to property, plant and equipment was 5.36 % for the current period (2014: 5.70 percent). The Council does not capitalise borrowing costs and adjusts for these on consolidation.

6 Trading and other revenue

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Port services income	-	200,135	-	189,732
Transport services income	-	32,199	-	37,214
Rental income	1,175	24,873	1,185	23,480
Marshalling services income	-	12,493	-	17,190
User fees and charges	9,244	9,244	8,806	8,806
Sale of goods - kiwifruit	-	1,860	-	2,739
Seeka Grower rebate incentive scheme	-	36	-	38
Other revenue	2,432	2,356	3,535	3,752
Total trading and other revenue	**12,851**	**283,196**	**13,526**	**282,951**

Council:

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

Subsidiary:

Quayside Properties Limited has two kiwifruit orchards. Both orchards are managed by, post-harvest provider, Seeka Kiwifruit Industries Limited. All income from trays of kiwifruit is net of the point of sale and cool store costs.

Kiwifruit income this year has been derived from 23.75 canopy hectares (2014: 29.45 hectares). During the year 5.7 hectares was grafted to the Gold-3 variety (G3) which has reduced the income generating hectares for the current year.

Kiwifruit yields recovered significantly in 2014 after two low seasons following the discovery of the Psa V disease on the orchards in December 2011. Quayside has re-grafted some of the orchards to the Gold-3 variety (G3) and achieved crops in the 2014 and 2015 harvest.

The kiwifruit income this year includes $204,674 of income in relation to the 2014 year (2014: $351,319 increase on 2013 estimates). This was due to a revision during the year in the estimate of income receivable as at 30 June 2014.

In 2014, Quayside's post-harvest service provider, Seeka Kiwifruit Industries Limited, introduced a grower rebate incentive scheme. Under the terms of the scheme Quayside Properties Limited is entitled to shares in Seeka equivalent to 10 cents per tray provided. No consideration was provided in 2015 (2014: nil).

7 Other gains/(losses)

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Gains				
Gain on sale of property, plant and equipment	85	180	164	179
Realised gain on sale on investment properties	-	1,594	-	1
Realised gain on sale on biological assets	-	815	-	1,180
Realised foreign exchange gains	-	1,834	-	2,963
Realised capital gain on investments	-	-	-	603
Change in fair value of biological assets	-	625	-	1,027
Change in fair value of intangibles	-	36	-	-
Change in fair value of investment assets	-	17,710	-	8,939
Total gains	**85**	**22,794**	**164**	**14,892**
Losses				
Realised capital loss on investments	-	572	-	667
Realised foreign exchange losses	-	137	-	-
Change in fair value on investment property	-	-	-	-
Loss on sale of fixed assets	10	10	74	148
Change in fair value of biological assets	-	-	-	-
Change in fair value of intangibles	-	-	-	-
Unrealised foreign exchange losses	-	-	-	349
Unrealised capital loss on investments	-	4,814	-	2,961
Change in impairment of property, plant and equipment	-	(160)	-	160
Total losses	**10**	**5,373**	**74**	**4,285**
Net gains/(losses)	**75**	**17,421**	**90**	**10,608**

8 Employee benefit expenses

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Salaries and wages	26,849	68,036	23,994	63,824
Bonus share issue	-	-	-	-
Superannuation	861	2,091	713	1,905
Other employee related expenses	1,525	2,184	1,244	2,141
	29,235	**72,311**	**25,951**	**67,870**

9 Trading and other expenses

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Audit fees to principal auditor:				
-audit fees for financial statement audit	123	205	121	212
-audit fees for Long Term Plan audit	75	75	-	-
Audit fees to other auditor:				
-audit fees for financial statement audit	-	164	-	177
-review of half year financial statements	-	13	-	12
-security and awareness review	-	-	-	5
-accounting advisory	-	76	-	-
-payments data analysis review	-	22	-	-
Bad debts written-off	57	68	55	196
Consultation fees	3,785	3,785	4,661	4,661
Contracted services for port operations	-	45,159	-	43,369
Contracted services for transport operations	-	6,648	-	4,809
Contract work	29,260	29,260	28,202	28,202
Direct fuel and power costs	620	10,651	574	12,903
Directors fees	-	831	-	834
Grants, contributions and sponsorships	2,136	2,136	6,485	6,485
Insurance	360	360	449	449
Legal fees	1,598	1,598	1,257	1,257
Maintenance costs	2,022	17,048	2,098	16,703
Operating lease payments	986	4,866	732	4,806
Operational materials	1,949	1,949	2,480	2,480
Orchard expenses	-	914	-	876
Other expenses	5,035	17,513	5,012	18,551
Professional development	1,883	1,883	1,533	1,533
Provision for impairment of receivables	-	(29)	-	47
Rates	165	165	158	158
Subvention payment	-	123	-	-
Valuation costs	264	264	281	281
Total trading and other expenses	**50,317**	**145,747**	**54,098**	**149,006**

The total value of all assets that are covered by insurance contracts, are $88 million and the maximum amount to which they are insured is unknown, as it depends on market value and/or replacement value as well as the inflation at the time of loss; and

The total value of all assets that are covered by financial risk sharing arrangements are $25 million and the maximum amount available to the local authority under those arrangements is $140 million; and

The total value of all assets that are self-insured is zero and there is a no fund maintained for that purpose.

10 Taxation

	Council 2014/15 $000	**Group 2014/15** $000	**Council 2013/14** $000	**Group 2013/14** $000
Profit/(loss) before income tax for the period	**(3,588)**	**103,963**	**(6,201)**	**95,784**
Income tax on the surplus for the period at 28%	(1,005)	33,635	(1,736)	31,016
Tax effect of amounts which are non deductible / (taxable) in calculating taxable income:				
Non-taxable income	7,154	7,154	6,510	6,510
Net gain on disposal of investments	-	(2,411)	-	-
Adjustment for prior period	-	1	-	(3)
Fair value loss/(gain) on investment	-	(3,723)	-	(1,829)
Fair value loss/(gain) on investment property	-	(175)	-	(288)
Fair value loss/(gain) on intangibles	-	-	-	(169)
Fair value loss/(gain) on biological assets	-	(514)	-	(830)
Foreign dividend regime	-	89	-	143
Share of equity accounted investees after tax income	-	(2,883)	-	(2,624)
Impairment of goodwill	-	1,742	-	
Dividend Imputation credits	(6,149)	(6,872)	(4,774)	(5,003)
Non assessable income	-	(50)	-	(73)
Non deductible expenses	-	(35)	-	131
Tax losses utilised	-	-	-	(261)
Other	-	285	-	(161)
	-	**26,243**	-	**26,559**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
The income tax is represented by:				
Current tax expense				
Tax payable in respect of the current period	-	29,460	-	28,394
Adjustment for prior period	-	65	-	284
	-	**29,525**	-	**28,678**
Deferred taxation				
Origination/reversal of temporary differences	-	(3,218)	-	(1,832)
Tax effect change on depreciation rate on buildings	-	-	-	-
Tax effect of the tax rate change from 30% to 28% from 2011	-	-	-	-
Adjustment for prior period	-	(64)	-	(287)
	-	**(3,282)**	-	**(2,119)**
Income tax expense	-	**26,243**	-	**26,559**

Subsidiary	Group 2014/15 $000	Group 2013/14 $000
Income Tax recognised in other comprehensive revenue and expense:		
Revaluation of property, plant and equipment	15,808	-
Cashflow hedges	(971)	1,218
Total	**14,837**	**1,218**

Imputation Credit Account - Subsidiary	Group 2014/15 $000	Group 2013/14 $000
Quayside Holdings Limited		
Imputation credits available for use in subsequent periods	**96,994**	**77,618**

11 Cash and cash equivalents

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Cash at bank and in hand	10,615	43,092	10,210	37,738
Term deposits with maturities less than 3 months	-	-	40,500	40,500
Total cash and cash equivalents	**10,615**	**43,092**	**50,710**	**78,238**

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

12 Trade and other receivables (current)

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Rates receivables	2,929	2,929	2,792	2,792
Trade receivables	3,920	32,609	1,261	32,690
Kiwifruit income receivable	-	1,327	-	2,041
Receivables from equity accounted investees, subsidiaries and related parties	-	766	-	66
Advances to equity accounted investees	-	7,519	-	3,185
Prepayments and sundry receivables	7,346	10,262	7,798	10,462
Finance lease - gross receivable	-	-	-	2,116
Finance lease - unearned finance income	-	-	-	(259)
	14,195	**55,412**	**11,851**	**53,093**
Less provision for impairment trade receivables	(359)	(359)	(504)	(558)
Total current trade and other receivables	**13,836**	**55,053**	**11,347**	**52,535**

The Kiwifruit income receivable is an estimate of proceeds to be received on the harvest of the 2015 crop. This is based on actual number of trays harvested and an estimate of the forecast income per tray to be received. Revisions of estimates during the year are recorded in the surplus or deficit.

Current trade and other receivables are non interest-bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximate their fair value.

The ageing of trade receivables at reporting date was:

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Not past due	1,273	25,213	1,065	27,564
Past due but not impaired 0 - 30 days	2,439	6,468	75	4,615
Past due but not impaired 30 - 60 days	70	661	56	318
Past due but not impaired 60 - 90 days	5	131	6	115
More than 90 days	133	136	59	79
	3,920	**32,609**	**1,261**	**32,691**

Impairment

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

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Individual impairment	82	82	36	90
Collective impairment	277	277	468	468
Total provision for impairment	**359**	**359**	**504**	**558**

Impairment for trade receivables is calculated as a percentage of individual overdue debts which, based on historical performance and individual investigation, are unlikely to be collected. Movements in the provision for impairment of receivables were as follows:

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
At 1 July	504	558	545	552
Additional provisions made during the year	359	359	504	551
Derecognised on disposal of subsidiary	-	(25)	-	-
Provisions reversed during the year	(504)	(533)	(545)	(545)
Receivables written off during the period	-	-	-	-
At 30 June	**359**	**359**	**504**	**558**

Finance lease receivable

In August 2003 Port of Tauranga Limited entered into an agreement with Genesis for the importation of coal for the Huntly power station. As part of this agreement, a coal conveyor system was constructed by the Port and Genesis agreed to lease this conveyor system for a 15 year period. Genesis were also granted an option to extend the lease for an additional 15 year period, for a nominal rental of $1. As Genesis effectively receives substantially all the risks and rewards of ownership of the conveyor system, the lease is treated as a finance lease by Port of Tauranga Limited. The effective interest rate on the finance lease receivable is 14.32% (2014: 14.32%).

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Gross receivables from finance lease				
Current portion				
No later than one year	-	-	-	2,116
Non current portion				
Later than one year and not later than five years	-	-	-	-
Total gross receivables from finance lease	**-**	**-**	**-**	**2,116**
Unearned finance income				
Current portion				
No later than one year	-	-	-	(259)
Non current portion				
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total unearned finance income	**-**	**-**	**-**	**(259)**
Present value of minimum lease receipts				
Not later than one year	-	-	-	1,857
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total present value of minimum lease receipts	**-**	**-**	**-**	**1,857**

13 Inventories

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Inventory of parts and consumables	229	764	195	1,203
Kiwifruit stock on hand	-	164	-	26
	229	**928**	**195**	**1,229**

Included in the group's inventories at 30 June 2015 was $195,000 of straddle parts (2014: $222,000) and $243,000 of crane parts (2014: $643,000) purchased for planned maintenance of machinery in the following financial year. Other major components of inventories include diesel fuel.

Inventories also comprise kiwifruit that is held in cool store and has not yet been sold to Zespri.

No inventories are pledged as security for liabilities or are subject to retention of title clauses.

14 Trade and other receivables (non-current)

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Capital notes	-	-	-	-
Finance lease - gross receivable	-	-	-	-
Finance lease - unearned finance income	-	-	-	-
Rotorua Hot Swap debtors	3,705	3,705	4,940	4,940
	3,705	**3,705**	**4,940**	**4,940**

Rotorua Hot Swap debtors

The Rotorua Hot Swap Loan Scheme was launched in August 2010. This scheme provides an interest free loan of up to $4,000 (GST exclusive) to homeowners to upgrade to clean heating devices. This loan is repaid over 10 years through a voluntary targeted rates.

15 Other financial assets

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Term deposits	28,800	28,800	-	1,300
Fair value through equity				
Bonds and other fixed rate notes	-	-	1,514	1,514
Total current portion	**28,800**	**28,800**	**1,514**	**2,814**
Non-current portion				
Investment in CCOs and similar entities				
Shares in subsidiaries (cost)	11	-	11	-
Unlisted shares in LGFA	1,866	1,866	1,866	1,866
Total investment in CCO's and other similar entities	**1,877**	**1,866**	**1,877**	**1,866**
Fair value through isurplus or deficit				
Other equity investments	84	113,173	84	76,609
Floating rate notes - interest swaps	-	-	-	-
Fair value through equity				
Bond and other fixed rate notes	151,547	151,547	148,761	148,761
Term Deposits	-			
Total investments in other entities	**151,631**	**264,720**	**148,845**	**225,370**
Total non-current portion	**153,508**	**266,586**	**150,722**	**227,236**
Total other financial assets	**182,308**	**295,386**	**152,236**	**230,050**

Fair value

Term deposits

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

Bonds and other fixed rate notes

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

Listed shares

Listed shares in subsidiaries are carried at fair value. The fair value of shares are determined by reference to published current bid price quotations in an active market.

Impairment

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

Redeemable preference shares

On or about 28 July 1991, capital of nine thousand (9,000) redeemable preference shares of $1 each (issued at a premium of $9,999 per share) were issued to Bay of Plenty Regional Council by its subsidiary, Quayside Holdings Limited. On the same day the Council subscribed $0.01 for each 9,000 redeemable preference shares (total paid $90). As at 30 June 2007, 817 shares had been fully repaid.

On 31 January 2008 the Redeemable Preference Shares were subdivided at a ratio of 1:244,799. Accordingly, the 817 fully paid Redeemable Preference Shares were split and reclassified into 200,000,783 Perpetual Preference Shares. The 8,183 Redeemable Preference Shares (paid to one cent) were split into 2003,190,217 Redeemable Preference Shares (paid to 0.000004 cents).

The redeemable preference shares have no voting rights. The constitution provides that dividends are payable on these shares from time to time and in such amount as determined by the directors of Quayside Holdings Limited. The Redeemable Preference Shares have no fixed maturity date but are redeemable 60 days after a request from the holder. The unpaid issue price can be called by the Board of Directors of Quayside Holdings Limited in a general meeting. As at 30 June 2015, the amount uncalled is $81,829,918 (2014: $81,829,918). Quayside Holdings Limited has no current intention of making a call on the uncalled Redeemable Preference Shares.

Perpetual preference shares

Quayside Holdings Limited issued a registered prospectus in which the Council offered 200,000,000 Perpetual Preference Shares in Quayside Holdings Limited to the public at $1 per share. On 12 March 2008, 200,000,000 Perpetual Preference Shares were transferred to the successful applicants for Perpetual Preference Shares under the prospectus. The Council retained 783 Perpetual Preference Shares.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Perpetual Preference Shares (783)	1	-	1	-
Ordinary Shares 10,000 (Quayside Holdings Limited)	10	-	10	-
	11	-	11	-

Council financial assets

The proceeds from the sale of the Perpetual Preference Shares are available for the Council to invest in infrastructure projects in the Bay of Plenty and have been invested in term deposits, bonds and other fixed and floating rate notes.

16 Derivative financial instruments

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current assets				
Foreign currency derivatives - not designated as hedges	-	-	-	52
Foreign currency derivatives - cash flow hedges	-	1,066	-	-
Total current asset portion	-	1,066	-	52
Non-current asset portion				
Foreign currency derivatives - cash flow hedges	-	280	-	-
Total non current asset portion	**-**	**280**	**-**	**-**
Total derivative financial instrument assets	**-**	**1,346**	**-**	**52**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current liabilities				
Foreign currency derivatives - no longer hedge account criteria	-	-	-	1,149
Interest rate derivatives - cash flow hedges	-	977	-	60
Total current liabilities	**-**	**977**	**-**	**1,209**
Non-current liabilities				
Interest rate derivatives - cash flow hedges	-	8,384	-	3,340
Total non current liabilities	**-**	**8,384**	**-**	**3,340**
Total liabilities	**-**	**9,361**	**-**	**4,549**
Total net derivative financial instruments	**-**	**(8,015)**	**-**	**(4,497)**

17 Property plant and equipment

2015

	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year disposals	Current year adjustments	Current year impairment charges	Current year depreciation	Revaluation surplus	Depreciation write back on disposals	Depreciation write back on revaluation adjustments	Cost / revaluation	Accumulated depreciation and impairment charges	Net book value amount
	01 July 2014	01 July 2014	01 July 2014									30 June 2015	30 June 2015	30 June 2015
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Bay of Plenty Regional Council														
Operational assets:														
Land	5,870	-	5,870	-	-	-	-	-	(90)	-	-	5,780	-	5,780
Buildings	12,560	(569)	11,991	53	-	-	-	(307)	369	-	282	12,981	(594)	12,387
Plant and Equipment	23,739	(15,408)	8,331	2,700	(518)	-	-	(2,474)	430	383	19	26,350	(17,480)	8,870
Works In Progress	267	-	267	614	-	(269)	-	-	-	-	-	612	-	612
Infrastructural assets:														
Flood Protection														
Kaituna	47,404	(273)	47,131	56	-	-	-	(233)	(18)	-	273	47,473	(233)	47,210
Rangitaiki/Tarawera	73,660	(178)	73,482	41	-	17	-	(176)	490	-	177	74,208	(177)	74,032
Whakatāne/Tauranga	50,863	(172)	50,691	123	-	-	-	(171)	401	-	172	51,387	(171)	51,216
Waioeka/Otara	30,758	(82)	30,676	-	-	-	-	(82)	789	-	82	31,547	(82)	31,465
Rangitaiki Drainage	14,979	(20)	14,959	31	-	(16)	-	(21)	(22)	-	20	14,972	(21)	14,951
Communal Pumping	5,272	(2,109)	3,163	-	-	-	-	(235)	-	-	-	5,272	(2,344)	2,928
Other Structures	1,060	-	1,060	-	-	-	-	-	-	-	-	1,060	-	1,060
WIP Rivers & Drainage	4,315	-	4,315	3,659	-	-	-	-	-	-	-	7,974	-	7,974
WIP Lakes Restoration	410	-	410	667	-	-	-	-	-	-	-	1,077	-	1,077
Lakes Restoration	11,782	-	11,782	-	-	-	-	(722)	-	-	-	11,782	(722)	11,060
Restricted assets:														
Land	6,758	-	6,758	-	-	-	-	-	-	-	-	6,758	-	6,758
Buildings	694	(125)	569	-	-	-	-	(19)	271	-	92	965	(52)	913
Flood Protection														
Kaituna Pump Station	2,366	(23)	2,343	-	-	-	-	(64)	39	-	23	2,376	(64)	2,342
Council property plant and equipment	**292,758**	**(18,959)**	**273,799**	**7,944**	**(518)**	**(267)**	**-**	**(4,504)**	**2,658**	**383**	**1,141**	**302,575**	**(21,939)**	**280,635**

	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year disposals	Current year adjustments	Current year impairment charges	Current year depreciation	Revaluation surplus	Depreciation write back on disposals	Depreciation write back on revaluation adjustments	Cost / revaluation	Accumulated depreciation and impairment charges	Net book value amount
	01 July 2014	01 July 2014	01 July 2014									30 June 2015	30 June 2015	30 June 2015
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Subsidiary														
Freehold land	477,895	-	477,895	27	-	12,959	-	-	25,934	-	-	516,815	-	516,815
Freehold buildings	84,886	(3,950)	80,936	333	(3,371)	2,785	-	(2,317)	(2,476)	216	5,996	82,157	(55)	82,102
Wharves and hardstanding	217,587	(14,120)	203,467	-	-	4,058	-	(7,604)	30,146	-	21,724	251,791	-	251,791
Harbour improvements	122,755	(3,152)	119,603	1,152	-	796	-	(1,740)	(4,697)	-	4,892	120,006	-	120,006
Plant and equipment	183,738	(71,924)	111,814	5,945	(17,949)	11,206	160	(10,531)	-	4,645	-	182,940	(77,650)	105,290
Capital work in progress	5,027	-	5,027	48,596	(58)	(32,145)	-	-	-	-	-	21,420	-	21,420
Subsidiary property plant and equipment	**1,091,888**	**(93,146)**	**998,742**	**56,053**	**(21,378)**	**(341)**	**160**	**(22,192)**	**48,907**	**4,861**	**32,612**	**1,175,129**	**(77,705)**	**1,097,424**
Elimination of interest capitalised	(1,970)	-	(1,970)	(350)	-	-	-	-	-	-	-	(2,320)	-	(2,320)
Total Group property plant and equipment	**1,384,646**	**(112,105)**	**1,270,571**	**63,647**	**(21,896)**	**(608)**	**160**	**(26,696)**	**51,565**	**5,244**	**33,753**	**1,475,384**	**(99,644)**	**1,375,738**

The latest valuation for Flood Protection assets was at 1 July 2014 with the estimated replacement cost as below:

Flood Protection and Control Works	Closing Book Value $000	Constructed by Council $000	Transferred to Council $000	Estimated Replacement Cost $000
as at 30 June 2015	224,144	251	-	238,045
as at 30 June 2014	222,447	3,742	-	238,045

2014

	Cost revaluation 01 July 2013 $000	Accumulated depreciation and impairment charges 01 July 2013 $000	Carrying amount 01 July 2013 $000	Current year additions $000	Current year disposals $000	Current year adjustments $000	Current year impairment charges $000	Current year depreciation $000	Revaluation surplus $000	impairment charges $000	Depreciation write back disposals $000	Depreciation write back on revaluation adjustments $000	Cost revaluation 30 June 2014 $000	Accumulated depreciation and impairment charges 30 June 2014 $000	Net book value amount 30 June 2014 $000
Bay of Plenty Regional Council															
Operational assets:															
Land	5,870	-	5,870	-	-	-	-	-	-	-	-	-	5,870	-	5,870
Buildings	12,233	(291)	11,942	327	-	-	-	(296)	-	-	-		12,560	(569)	11,991
Plant and Equipment	21,650	(13,963)	7,687	3,335	(1,245)	-	-	(2,429)	-	-	986	-	23,739	(15,408)	8,331
Works In Progress	130	-	130	267	-	(130)	-	-	-	-	-	-	267	-	267
Infrastructural assets:															
Flood Protection															
Kaituna	46,796	-	46,796	608	-	-	-	(273)	-	-	-	-	47,404	(273)	47,131
Rangitaiki/Tarawera	71,497	-	71,497	2,163	-	-	-	(178)	-	-	-	-	73,660	(178)	73,482
Whakatane	50,393	-	50,393	470	-	-	-	(172)	-	-	-	-	50,863	(172)	50,691
Waioeka/Otara	30,453	-	30,453	305	-	-	-	(82)	-	-	-	-	30,758	(82)	30,676
Rangitaiki Drainage	14,782	-	14,782	197	-	-	-	(20)	-	-	-	-	14,979	(20)	14,959
Communal Pumping	5,272	(1,875)	3,397	-	-	-	-	(235)	-	-	-	-	5,272	(2,109)	3,163
Other Structures	1,060	-	1,060	-	-	-	-	-	-	-	-	-	1,060	-	1,060
WIP Rivers & Drainage	1,068	-	1,068	4,315	-	(1,068)	-	-	-	-	-	-	4,315	-	4,315
WIP Lakes Restoration	367	-	367	410	-	(367)	-	-	-	-	-	-	410	-	410
Lakes Restoration	13,981	(1,613)	12,368	-	-	-	-	(412)	(2,199)	-	-	2,025	11,782	-	11,782
Restricted assets:															
Land	6,758	-	6,758	-	-	-	-	-	-	-	-	-	6,758	-	6,758
Buildings	694	(107)	587	-	-	-	-	(17)	-	-	-	-	694	(125)	569
Flood Protection															
Kaituna Pump Station	2,366	-	2,366	-	-	-	-	(23)	-	-	-	-	2,366	(23)	2,343
Council property plant and equipment	**285,370**	**(17,849)**	**267,523**	**12,396**	**(1,245)**	**(1,565)**	**-**	**(4,120)**	**(2,199)**	**-**	**986**	**2,025**	**292,757**	**(18,959)**	**273,798**

	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions	Current year disposals	Current year adjustments	Current year impairment charges	Current year depreciation	Revaluation surplus	Depreciation write back disposals	Depreciation write back on revaluation adjustments	Cost / revaluation	Accumulated depreciation and impairment charges	Net book value amount
	01 July 2013	01 July 2013	01 July 2013									30 June 2014	30 June 2014	30 June 2014
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Subsidiary														
Freehold land	448,600	-	448,600	1,757	-	27,538	-	-	-	-	-	477,895	-	477,895
Freehold buildings	71,528	(1,811)	69,717	3,511	-	9,847	-	(2,139)	-	-	-	84,886	(3,950)	80,936
Wharves and hardstanding	212,210	(6,698)	205,512	81	-	5,296	-	(7,422)	-	-	-	217,587	(14,120)	203,467
Harbour improvements	119,018	(1,370)	117,648	-	-	3,737	-	(1,782)	-	-	-	122,755	(3,152)	119,603
Plant and equipment	154,813	(62,831)	91,982	15,979	(879)	13,825	(160)	(9,687)	-	754	-	183,738	(71,924)	111,814
Capital work in progress	13,470	-	13,470	51,820	-	(60,263)	-	-	-	-	-	5,027	-	5,027
Subsidiary property plant and equipment	**1,019,639**	**(72,710)**	**946,929**	**73,148**	**(879)**	**(20)**	**(160)**	**(21,030)**	**-**	**754**	**-**	**1,091,888**	**(93,146)**	**998,742**
Elimination of interest capitalised	(1,576)	-	(1,576)	(394)	-	-	-	-	-	-	-	(1,970)	-	(1,970)
Total Group property plant and equipment	**1,305,009**	**(90,559)**	**1,212,876**	**85,150**	**(2,124)**	**(1,585)**	**(160)**	**(25,150)**	**(2,199)**	**1,739**	**2,025**	**1,382,675**	**(112,105)**	**1,270,570**

Council

Land

The most recent valuation of land was performed by an independent registered valuer, Grant Utteridge, of Telfer Young. The valuation was effective as at 30 June 2015.

Regional parks were revalued on 10 October 2014 by Geoff Canham Consulting.

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

Buildings

The most recent valuation of buildings was performed by an independent registered valuer, Grant Utteridge, of Telfer Young.The valuation was effective as at 30 June 2015.

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

Infrastructure assets

Infrastructure assets are valued using the optimised replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- The physical deterioration and condition of the 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 the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's Asset Management Planning activities, which gives the Council further assurance over its useful life estimates.

Infrastructural assets were revalued 0n 1 July 2014 by engineers of the Council to Optimised Depreciated Replacement Cost (ODRC) and subsequently reviewed by independent valuers Opus International Consultants Limited, in accordance with Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17), and Property Institute of New Zealand standards. A fair value assessment on the Rivers and Drainage as at 30 June 2015 has been performed. The revaluation for Lakes was carried out as at 30 June 2013 by Darroch Limited. Maritime assets were revalued on 1 July 2014 by Beca.

Subsidiary

All land, buildings, harbour improvements, and wharves and hardstanding have been revalued to fair value, being market value, for non specialised assets and depreciated replacement cost (DRC) for specialised assets. The valuation was carried out as at 30 June 2015 and increased value of property, plant and equipment by $81.519 million in the current reporting period.

The fair value measurement has been categorised as a level 3 fair value based on the inputs to the valuation technique.

Wharves, hardstanding and harbour improvements assets owned by Port of Tauranga Limited are classified as specialised assets and have accordingly been valued on a depreciated replacement cost basis. The significant assumptions applied in the valuation of these assets are:

Replacement unit cost: replacement unit costs were calculated taking into account:

- Port of Tauranga Limited's historic cost data including any recent competitively tendered construction works.
- Published cost information.
- The Opus construction cost database.
- Long run price trends.
- Historic costs adjusted for changes in price levels.
- An allowance has been included for costs directly attributable to bringing assets into working condition, management costs and the financing cost of capital held over the construction period.

Depreciation: the calculated remaining lives of assets were reviewed, taking into account:

- Observed and reported condition, performance and utilisation of the asset.
- Future use of the asset (Port of Tauranga Limited's development strategy).
- Planned replacement programme (forward maintenance plans).
- Expected changes in technology.
- Consideration of current use, age and operational demand.
- Discussions with Port of Tauranga Limited's operational officers.
- Opus consultants in-house experience from other infrastructure valuations.
- Residual values.

The significant assumptions applied in the valuation of land and buildings are:

- Highest and best use of land:

  Tauranga and Mount Maunganui: this has been determined by reference to zoning by the Tauranga City Council District Plan. Most of the land owned by Port of Tauranga Limited is zoned "Port Industry" with a small portion of land at Mount Maunganui and Sulphur Point having "Industry" zoning.

  Rolleston: this has been determined by reference to zoning by the Selwyn City Council District Plan. All land owned by Port of Tauranga Limited is zoned "Business 2A".

  Auckland: this has been determined by reference to zoning by the Auckland City Council District Plan. All land owned by Port of Tauranga Limited is zoned "Business 6".

- Current market expectations: this is based on yield and recent local sales:
- Market value of buildings: this is made on a depreciated replacement cost basis with that assessment compared against actual or likely market rental capitalised at an appropriate rate of return between 5% and 10%.
- Current occupancy rates of premises.
- The impact of major building relocation and demolition planned by Port of Tauranga Limited to facilitate better utilisation of the wharf areas, including the prospect of increased berthage at Sulphur Point.
- No restriction of title: valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore does not impact on the value of Port of Tauranga Limited's assets.

	Group 2014/15 Notional Carrying Amount $000	Group 2013/14 Notional Carrying Amount $000
Freehold land	117,705	104,719
Freehold buildings	57,849	60,070
Wharves and hardstanding	88,729	89,090
Harbour improvements	28,814	28,514
Total	**293,097**	**282,393**

Restricted Assets

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

Restriction on Title

An area of 8,000 square metres of land located between the Sulphur Point wharves and the Parliamentary approved reclamation does not have formal title. Actions are being taken to resolve the issue and obtain title. The resolution lies with the Government.

Security

Certain items of property, plant and equipment have been pledged as security against certain loans and borrowings of the Group. The Council (parent) does not have any property, plant and equipment pledged as security for liabilities.

Occupation of Foreshore

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

Operating Leases

Included in the financial statements are land, buildings, and plant and equipment, leased to customers under operating leases.

GROUP	2014/15 Cost/Valuation $000	2014/15 Accumulated Depreciation $000	2014 Cost/Valuation $000	2014 Accumulated Depreciation $000
Land	236,772	-	206,996	-
Buildings	51,662	-	39,970	(1,000)
Plant and equipment	-	-	458	(335)
Total	**288,434**	**-**	**247,424**	**(1,335)**

Future minimum lease receivables from non cancellable operating leases are as follows:

	Group 2014/15 $000	2013/14 $000
Within one year	16,768	11,516
One year to five years	34,425	23,987
Greater than five years	18,522	19,689
Total	**69,715**	**55,192**

18 Intangible assets

	Council computer software	Council total	Group computer software	Group rail services agreement	Group goodwill	Group kiwifruit licence	Group total
	$000	$000	$000	$000	$000	$000	$000
Cost							
Balance at 30 June 2014	7,620	7,620	17,724	10,000	38,444	661	66,829
Additions / Transfers from WIP	695	695	1,129	-	-	-	1,129
Revaluation of G3 licences	-	-	-	-	-	165	165
Transport Services goodwill derecognised	-	-	-	-	(13,613)	-	(13,613)
Work in progress	1,753	1,753	1,753	-	-	-	1,753
Disposals	-	-	(3,576)	-	-	-	(3,576)
Balance at 30 June 2015	**10,068**	**10,068**	**17,030**	**10,000**	**24,831**	**826**	**52,687**
Cost							
Balance at 30 June 2013	7,041	7,041	16,609	10,000	36,385	58	63,052
Additions / Transfers from WIP	737	737	1,253	-	-	-	1,253
Revaluation of G3 licences	-	-	-	-	-	603	603
Goodwill recognised on acquisition of Quality Marshalling	-	-	-	-	2,059	-	2,059
Work in progress	297	297	297	-	-	-	297
Disposals	(455)	(455)	(435)	-	-	-	(435)
Balance at 30 June 2014	**7,620**	**7,620**	**17,724**	**10,000**	**38,444**	**661**	**66,829**
Accumulated revaluation to fair value, amortisation and impairment							
Balance at 30 June 2014	(4,820)	(4,820)	(10,813)	(8,681)	-	-	(19,494)
Impairment	-	-	-	-	(6,221)	-	(6,221)
Amortisation expense	(1,163)	(1,163)	(1,874)	(338)	-	-	(2,212)
Disposals	-	-	1,509	-	-	-	1,509
Balance at 30 June 2015	**(5,983)**	**(5,983)**	**(11,178)**	**(9,019)**	**(6,221)**	**-**	**(26,418)**
Balance at 30 June 2013	(3,929)	(3,929)	(8,901)	(8,343)	-	-	(17,244)
Amortisation expense	(1,346)	(1,346)	(2,367)	(338)	-	-	(2,705)
Disposals	455	455	455	-	-	-	455
Fair value adjustment through other comprehensive revenue and expense	-	-	-	-	-	-	-
Balance at 30 June 2014	**(4,820)**	**(4,820)**	**(10,813)**	**(8,681)**	**-**	**-**	**(19,494)**
Carrying amounts							
Balance at 30 June 2014	**2,800**	**2,800**	**6,910**	**1,319**	**38,444**	**661**	**47,334**
Balance at 30 June 2015	**4,085**	**4,085**	**5,852**	**981**	**18,610**	**826**	**26,268**

Computer Software

Computer software assets are stated at cost, less accumulated amortisation and impairment.

Rail Services Agreement

Port of Tauranga Limited has paid KiwiRail for expanded services and obligations relating to a seven-day-a-week rail link to MetroPort Auckland. The term of this agreement expires in 2018.

Kiwifruit licence

Licenced hectares	**2015**	**2014**
G3 Licence	8.29	8.29

The G3 licences held are for a total of 8.29 hectares (2014: 8.29 hectares).

The 2014 and 2015 harvest returns and G3 current resilience to the Psa V disease has increased the value of G3 licences. A registered valuation at 30 June 2015 determined that the fair value for licences held by Quayside was $826,000. The revaluation has increased the revaluation reserve by $165,000 this year. The original cost of the licences was $57,649.

Instalments have been paid on the G3 licences with the remainder of the balance owing between August 2015 and August 2017.

There are no restrictions over the title of the intangible assets. No intangible assets are pledged as security for liabilities.

In prior years, increases in the carrying amount of kiwifruit licences arising on revaluation have been included in the surplus or deficit, in line with the treatment of investment property. Based NZ IAS 38 *Intangible Assets*, revaluation gains should be taken to the revaluation reserve in other comprehensive income, unless they reverse a decrease previously recognised in the surplus or deficit. As such, the current year revaluation gain has been shown in the revaluation reserve.

Goodwill

Goodwill at 30 June 2015 relates to goodwill arising on the acquisition of Quality Marshalling (Mount Maunganui) Limited. Goodwill at 30 June 2014 also included goodwill arising on the acquisition of subsidiaries in respect of the transport services unit, which has been disposed of during the current reporting period.

Goodwill was tested for impairment as at 30 June 2015, based upon the value in use of the cash generating units to which the goodwill relates. Value in use was determined by discounting five year future cash flows, generated from the continuing use of the units. The calculation of value in use was based upon the following key assumptions:

- Cash flows were projected using management forecasts.
- The anticipated annual profit growth included in the cash flow projections for the years 2016 to 2020 have been based upon expected growth levels and forecasted business activities. For the marshalling services cash generating unit a 5.4% growth rate has been applied over the period.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 14% was applied in determining the recoverable amount of the units. The discount rate was estimated based on past experience.

The values assigned to the key assumptions represent management's assessment of future trends in the transport and forestry industries and are based on both external sources and internal sources (historical data).

As a result of the goodwill impairment testing performed, the *Port of Tauranga Group* has impaired goodwill in respect of Quality Marshalling (Mount Maunganui) Limited by $6.221 million in the current reporting period.

19 Biological assets

The Council has no biological assets. This note is for the subsidiary only.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Kiwifruit Vines				
Balance at 1 July	-	4,215	-	1,252
Change in fair value less estimated costs to sell	-	1,834	-	2,963
Carrying amount at end of period	-	**6,049**	-	**4,215**
Kiwifruit assets (hectares)	-	29.45	-	29.45
Fruit volume harvested (trays)	-	357,287	-	382,411

Fair value of the vines has been determined by independent registered valuation at 30 June 2015. Fair value has been determined with reference to comparative orchard sales in the region, taking in to account the quality of the orchard, potential production and orchard gate return. Valuations represent a recovery of the kiwifruit industry from the impacts of the bacterial disease Psa V in 2011 and 2012. The increases in fair value in both 2015 and 2014 reflect the strong returns of the orchards growing Green variety kiwifruit, and the returns of grafting to the new G3 variety.

20 Investment properties

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

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Balance at 1 July	-	9,932	-	8,905
Investment property work in progress	-	178	-	-
Fair value gains/(losses) on valuation	-	625	-	1,027
Balance at 30 June	**-**	**10,735**	**-**	**9,932**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Rental income from investment properties	-	160	-	157
Expenses from investment property generating income	-	9	-	28

Investment properties are valued annually to fair value. These properties include land, buildings, and improvements and are currently being operated as kiwifruit orchards, leased dairy grazing land and residential rentals.

Work in progress includes the costs incurred to date in drilling of a water bore. The value of this work was not included in the independent registered valuation, as the work is not yet complete.

The valuation of all investment property was carried out by independent registered valuers. The valuers are experienced valuers with extensive market knowledge in the type of investment properties owned by Quayside Properties Limited. All investment properties were valued based on open market evidence and 'highest and best use' currently for the land. The significant assumptions applied in the valuation of these assets are:

- Most of the land owned by Quayside Properties Limited is located in the Western Bay of Plenty and has a dual zoning of rural and industrial. Further property owned in the Tauranga City Council is zoned rural.
- Under normal current market valuation, the value of the dairy and orchard land would be determined by the value of the land for future business development. However, currently highest and best use of the land has been determined as dairy grazing. Despite the impact of Psa-V, it has been determined that the highest and best use for the kiwifruit orchard properties is still as operating orchards.
- Improvement values have been assessed with regard to their income producing capacity, depreciated replacement cost and an analysis of sales where properties have included similar asset types.

21 Investments in subsidiaries

Name of Equity	Interest Held by Group 2015	2014	Parent	Interest Held 2015	2014
	%	%		%	%
BoPLASS Limited	17.24	17.24	Bay of Plenty Regional Council	17.24	17.24
Quayside Holdings Limited	100	100	Bay of Plenty Regional Council	100	100
Quayside Securities Limited	100	100	Quayside Holdings Limited	100	100
Quayside Properties Limited	100	100	Quayside Holdings Limited	100	100
Quayside Investment Trust	100	100	Quayside Holdings Limited	100	100
Quayside Unit Trust	100	100	Quayside Holdings Limited	100	100
Port of Tauranga Limited	54.14	54.94	Quayside Securities Limited	54.14	54.94
Port of Tauranga Trustee Company Limited	54.14	54.94	Port of Tauranga Limited	100	100
Tapper Transport Limited	54.14	54.94	Port of Tauranga Limited	100	100
Tapper SIP Limited	54.14	54.94	Port of Tauranga Limited	100	100
MetroPack Limited	54.14	54.94	Port of Tauranga Limited	100	100
Quality Marshalling (Mount Maunganui)	54.14	54.94	Port of Tauranga Limited	100	100
Timaru Container Terminal Limited*	27.124	-	Port of Tauranga Limited	50.10	-

The fair value of unlisted shares of Quayside Properties Limited and Quayside Securities Limited as Trustee for Quayside Unit Trust and Quayside Investment Trust have been determined by valuation of the underlying net assets of each subsidiary at market value at balance date. Listed shares held, including the shares held in the Port of Tauranga Limited, are stated at fair value as determined by reference to published current bid price quotations in an active market and any investment property is at market value determined by an independent valuer.

Quayside Securities Limited holds the shares in Port of Tauranga Limited as Trustee for the Quayside Unit Trust. This is in accordance with the Declaration of Trust by Quayside Securities Limited. Section 92 of the Companies Act 1993 prevents Notice of any Trust being entered on the share register, and consequently the share certificate is in the name of Quayside Securities Limited. The name on the share certificate however is not necessarily determinative of beneficial ownership. The shares in Port of Tauranga Limited were purchased at $1.27 per share. During 2002 the Port of Tauranga Limited had a 2:1 share split, resulting in a total number of shares held of 73,687,536. As at 30 June 2015, Port of Tauranga Limited shares were trading on the New Zealand Stock Exchange at $17.30 per share (2014: $15.45 per share). The shares were revalued to reflect the market value as at balance date.

- The principal activity of Quayside Unit Trust is to hold the majority shareholding in the Port of Tauranga Limited and other equity investments. The Trust is incorporated in New Zealand.
- The principal activity of Quayside Securities Limited is to act as Trustee to Quayside Unit Trust and Quayside Investment Trust. The company is incorporated in New Zealand.
- The principal activity of Quayside Properties Limited is to hold investment properties. The company is incorporated in New Zealand.
- The principal activity of Quayside Investment Trust is to hold equity investments. The Trust is a Portfolio Investment Entity (PIE) for tax purposes and is incorporated in New Zealand.
- The principal activity of Port of Tauranga Trustee Company Limited is to hold shares in trust for employees. The company has no trading activities and the issued and paid up capital is $2. The company is incorporated in New Zealand.
- The principal activity of Tapper Transport Limited was to operate an Auckland-based road transport and logistics company. On 1 May 2015, the operations of Tapper Transport Limited were sold to the Coda Group. Tapper Transport Limited is now a shell company and will be wound up in the 2016 financial year.
- The principal activity of Tapper SIP Limited was to operate an Auckland-based inland freight centre. On 1 May 2015, the operations of Tapper SIP Limited were sold to the Coda Group. Tapper SIP Limited is now a shell company and will be wound up in the 2016 financial year.
- The principal activity of MetroPack Limited was to operate as a freight operator providing container packing, unpacking and freight transport services. On 1 May 2015, the operations of MetroPack Limited were sold to the Coda Group. MetroPack Limited is now a shell company and will be wound up in the 2016 financial year.
- The principal activities of Quality Marshalling (Mount Maunganui) Limited is to provide log marshalling, log scaling services and contracted container terminal services.
- The principal activity of Timaru Container Terminal Limited is to operate the container terminal operations at PrimePort Timaru Limited. On 1 August 2014, the *Port of Tauranga Group* sold its 49.9% shareholding in Timaru Container Terminal Limited. The *Port of Tauranga Group's* retained 50.1% non controlling interest in Timaru Container Terminal Limited has now been classified as a joint venture and is accounted for as an investment in Equity Accounted Investee.
- The principal activity of the Port of Tauranga Limited is facilitating export and import activities through the Port of Tauranga, located in Mount Maunganui in the Bay of Plenty, New Zealand.

Quayside Securities Limited as Trustee for the Quayside Unit Trust holds the shares in Port of Tauranga Group through its 54.14% (2014: 54.94%) investment in the Port of Tauranga Limited. 45.86% (2014: 45.06%) of the Port of Tauranga Limited is held by non-controlling interests.

Further information on the Non-Controlling Interest in the Port of Tauranga Group profit, comprehensive income, and dividends are disclosed in the Statement of comprehensive revenue and expense, Statement of other comprehensive revenue and expense, and Statement of Changes in net assets/equity respectively.

22 Investments in equity accounted investees

The Council has no investments in equity accounted investees. This note is for the subsidiary only.

Investments in equity accounted investees	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Balance at beginning	-	71,079	-	49,915
Share of after tax surplus	-	10,298	-	9,370
Share of hedging reserve	-	(269)	-	181
Share of revaluation reserve	-	(328)	-	(8)
Disposals	-	(3,491)	-	-
Purchase of interest in Coda Group Limited Partnership	-	43,285	-	-
Port of Tauranga Group's investment in Timaru Container Terminal Limited	-	5,003	-	-
Purchase of shares in Metrobox Limited	-	1,899	-	-
Purchase of shares in WNT Ventures	-	60	-	-
Purchase of share in PrimePort Timaru Ltd	-	-	-	19,771
Formation of PortConnect Limited	-	-	-	5
Dividends received	-	(8,504)	-	(8,155)
Balance at end of period	-	**119,032**	-	**71,079**

Included within the carrying value is:				
Goodwill	-	39,153	-	2,913
	-	**39,153**	-	**2,913**

The Port of Tauranga Group has interests in a number of individually immaterial Equity Accounted Investees. Northport Limited and the Coda Group Limited Partnership are considered to be the only individually material Equity Accounted Investees in which the Port of Tauranga Group participates.

Quayside Holdings Limited is a 25% shareholder in the newly formed WNT Ventures Management Limited, a Tauranga based Technology Incubator. The first call of capital of $60,000 was made in December 2014. The investment has been carried at a value of $60,000 in the 30 June 2015 financial statements.

Quayside Holdings Limited has a future commitment to investment in WNT Ventures Management Limited of $540,000 (2014: nil).

Northport Limited

Port of Tauranga Limited has a 50% (2014: 50%) shareholding in the port at Marsden Point which trades as Northport Limited (Northport), with Marsden Maritime Holdings Limited (formerly Northland Port Corporation (NZ) Limited) holding the remaining 50%.

Northport Limited also has a 50% shareholding in North Tugz Limited (2014: 50%), with Ports of Auckland Limited holding the remaining 50%. North Tugz Limited has been established to undertake the marine services within the Whangarei Harbour including Marsden Point.

Northport is structured as a separate vehicle and the *Port of Tauranga Group* has a residual interest in the net assets of Northport. Accordingly, the *Port of Tauranga Group* has classified its interests in Northport as a joint venture.

The following table summarises the financial information of Northport as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the *Port of Tauranga Group's* interest in Northport.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Percentage ownership interest				
Non current assets	-	129,795	-	128,786
Current assets (including cash and cash equivalents 2015:$320,000, 2014: ($537,000)	-	4,963	-	5,018
Non current liabilities (including non current financial liabilities excluding trade and other payables and provisions 2015: $35,442,000, (2014: $33,621,000)	-	(35,442)	-	(33,621)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions 2015: $2,698,000 (2014 $1,998,000)	-	(5,624)	-	(4,849)
Net Assets (100%)		93,692		95,334
Group's share of net assets (50%)		46,846		47,667
Carrying amount of interest in joint venture		**46,846**		47,667
Revenue	-	36,799	-	38,322
Depreciation and amortisation	-	(3,939)	-	(3,827)
Interest expense	-	(2,039)	-	(2,022)
Income tax expense	-	(5,495)	-	(5,395)
Net profit after tax		16,328		15,920
Other comprehensive income	-	(2,012)	-	(200)
Total comprehensive income (100%)	**-**	14,316	**-**	15,720
Group's share of total comprehensive income (50%)	-	7,158	-	7,860
Dividends received by the Group	**-**	**7,959**	**-**	**8,005**

Coda Group Limited Partnership (LP)

On 1 May 2015, Port of Tauranga Limited formed a 50:50 joint venture named Coda Group Limited Partnership (Coda Group) with freight and logistics management company Kotahi Limited Partnership (Kotahi).

Coda Group comprises two operating subsidiaries: Coda Services Limited Partnership and Coda Operations Limited Partnership.

Coda Group is structured as a separate vehicle and the *Port of Tauranga Group* has a residual interest in the net assets of Coda Group. Accordingly the *Port of Tauranga Group* has classified its interests in Coda Group as a joint venture.

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

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Percentage ownership interest				
Non current assets	-	22,077	-	-
Current assets (including cash and cash equivalents 2015:$1,953,000, (2014: nil))	-	22,465	-	-
Non current liabilities (including non current financial liabilities excluding trade and other payables and provisions 2015: $1,949,000, (2014: nil)	-	(1,949)	-	-
Current liabilities (including current financial liabilities excluding trade and other payables and provisions 2015: $1,240,000 (2014 nil)	-	(18,853)	-	-
Net Assets (100%)	-	23,740	-	-
Port of Tauranga Group's share of net assets (50%)	-	11,870	-	-
Goodwill in joint venture	-	31,497	-	
Carrying amount of interest in joint venture	-	43,367	-	-
Revenue	-	27,943	-	-
Depreciation and amortisation	-	(535)	-	-
Interest expense	-	(9)	-	-
Income tax expense	-	(42)	-	-
Net profit before tax		164		-
Other comprehensive income	-	-	-	-
Total comprehensive income (50%)	-	82	-	-
Port of Tauranga Group's share of partnership income tax expense (50%)		(21)		
Port of Tauranga Group's share of total comprehensive income (50%)	-	61	-	-
Dividends received by the Port of Tauranga Group	**-**	-	**-**	-

MetroBox Limited

Port of Tauranga Limited sold its 50% shareholding in MetroBox Limited (MetroBox) on 1 May 2015.

Prior to the sale of MetroBox, on 1 December 2014, Metrobox restructured its business by purchasing the Auckland operations of Specialised Container Services (Auckland) Limited (SCS) in exchange for a 50% shareholding in MetroBox. MetroBox issued 8,776,748 new shares to SCS as part of the transaction, which diluted the Port of Tauranga's shareholding in MetroBox from 50% to 25%. As part of this transaction shareholder loans and legal fees of $1.49 million were capitalised by the Port of Tauranga Limited to its investment against MetroBox.

The fair value of both Metrobox and the Auckland operations of SCS were determined to be $3.000 million each, prior to sale. As a result of this valuation, Metrobox impaired goodwill on its statement of financial position. An impairment charge of $0.668 million has been recognised by the *Port of Tauranga Group* within the share of profit from equity accounted investees in the current period.

Post the Metrobox restructure, Port of Tauranga Limited purchased an additional 12.5% shareholding (2,194,187 shares) from SCS for $0.750 million, increasing the Port of Tauranga's shareholding in Metrobox to 37.5%.

Cubic Transport Services Limited

Port of Tauranga Limited sold its 37.5% shareholding in Cubic Transport Services Limited (Cubic), on 17 February 2015 to Quadrant Pacific Limited. In 2014 the shareholding in Cubic was Port of Tauranga 37.5%, Quadrant Pacific Limited 37.5% and PGB Trustee Limited held the remaining 25%.

PrimePort Timaru Limited

Port of Tauranga Limited has a 50% shareholding in PrimePort Timaru Limited (PrimePort), (2014: 50%), with Timaru District Holdings Limited holding the remaining 50% (2014: 50%).

PrimePort operates the bulk and marine operations of Port of Timaru and leases the container terminal wharf facilities to Timaru Container Terminal Limited.

PrimePort is structured as a separate vehicle and the *Port of Tauranga Group* has a residual interest in the net assets of PrimePort. Accordingly, the *Port of Tauranga Group* has classified its interest in PrimePort as a joint venture.

PortConnect Limited

Port of Tauranga Limited has a 50% (2014: 50%) shareholding in PortConnect Limited (PortConnect), with Ports of Auckland Limited holding the remaining 50% (2014: 50%).

PortConnect operates an online cargo management system, connecting ports to their logistics companies. PortConnect is structured as a separate vehicle and the *Port of Tauranga Group* has a residual interest in the net assets of PortConnect. Accordingly, the *Port of Tauranga Group* has classified its interest in PortConnect as a joint venture.

Timaru Container Terminal Limited

On 1 August 2014, Port of Tauranga Limited sold 49.9% of its shareholding in Timaru Container Terminal Limited (TCTL) to Kotahi Logistics Limited Partnership.

TCTL operates the container terminal at the Port of Timaru, which it leases from PrimePort Timaru Limited.

TCTL is structured as a separate vehicle and the *Port of Tauranga Group* has a residual interest in the net assets of TCTL. Accordingly the *Port of Tauranga Group* has classified its interest in TCTL as a joint venture.

Summary of individually immaterial Equity Accounted Investees

The following table summarises the financial information relevant to the *Port of Tauranga Group's* interests in individually immaterial joint ventures. The table, in conjunction with the information for Northport and Coda Group above, also reconciles to the carrying amount of the *Port of Tauranga Group's* interest in Equity Accounted Investees.

Equity Accounted Investees	**Group 2014/15** $000	**Group 2013/14** $000
Current assets	4,248	5,486
Non current assets	30,220	21,773
Total assets	**34,468**	**27,259**
Current liabilities	6,846	3,039
Non current liabilities	3,725	1,791
Total liabilities	**10,571**	**4,830**
Net Assets	**23,897**	**22,429**
Goodwill	4,862	976
Fair value adjustment on acquistion	-	7
Carrying amount of interest in individually immaterial Equity Accounted Investees	**28,759**	**23,412**
Revenues	21,913	11,969
Expenses	(19,860)	(10,559)
Net Profit after tax	**2,053**	**1,410**
Other comprehensive income	409	273
Total comprehensive income	**2,462**	**1,683**

23 Trade and other payables

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current				
Trade payables	5,145	12,491	7,318	12,447
Accrued expenses	2,200	15,822	4,194	19,036
Payables to associates and related parties	-	12	-	155
Income in advance	2,183	2,183	447	447
	9,528	30,508	11,959	32,085
Non current				
Accounts payable	-	32	-	48
Total trade and other payables	**9,528**	**30,540**	**11,959**	**32,133**

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

Non-current trade payables comprise amounts owed to Zespri for the purchase of the G3 licences. A deposit has been paid on these licences, with the balance being due in instalments between August 2015 and August 2017.

Payables denominated in currencies other than the functional currency are nil (2014: nil).

24 Deferred taxation

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

	Assets		Liabilities		Net	
Subsidiary	**2014/15** $000	**2013/14** $000	**2014/15** $000	**2013/14** $000	**2014/15** $000	**2013/14** $000
Deferred tax (asset)/liability						
Property, plant and equipment	-	-	63,675	50,267	63,675	50,267
Intangible assets	-	-	354	851	354	851
Finance lease receivables	-	-	-	520	-	520
Derivatives	(2,384)	(1,413)	-	-	(2,384)	(1,413)
Trade Receivables	-	(8)	-	-	-	(8)
Provisions and accruals	(1,288)	(1,489)	-	-	(1,288)	(1,489)
Finance lease payables	-	(10)	-	-	-	(10)
Total	**(3,672)**	**(2,920)**	**64,029**	**51,638**	**60,357**	**48,718**

Subsidiary	Derecognised in the Statement of financial position on sale of 49.9% shareholding in subsidiary		Recognised in the Statement of financial position on acquisition of subsidiary		Recognised in the Statement of comprehensive revenue and expense		Recognised in equity	
	2014/15 $000	2013/14 $000	2014/15 $000	2013/14 $000	2014/15 $000	2013/14 $000	2014/15 $000	2013/14 $000
Property, plant and equipment	84	-	-	1,199	(2,484)	(898)	15,808	-
Intangible assets	-	-	-	-	(497)	5	-	-
Finance lease receivables	-	-	-	-	(520)	(977)	-	-
Derivatives	-	-	-	-	-	-	(971)	1,218
Investment properties	-	-	-	-	8	(8)	-	-
Provisions and accruals	-	-	-	(38)	201	(236)	-	-
Finance lease payables	-	-	-	-	0	(5)	-	-
Total	**84**	-	-	**1,161**	**(3,292)**	**(2,119)**	**14,837**	**1,218**

Subsidiary

A deferred tax asset of $459,237 (2014: $1,194,035) has not been recognised in relation to temporary differences of $1,640,131 (2014: $4,264,412) in Quayside Properties Limited. A deferred tax asset of $577,240 (2014: $527,846) has not been recognised in relation to excess imputation credits converting to tax losses of $2,061,572 (2014: $1,885,164) in Quayside Unit Trust. Quayside Holdings Limited, has not recognised a deferred tax asset of $546,747 (2014: $666,529) in relation to excess imputation credits converting to tax losses of $1,952,668 (2014: $2,380,461).

25 Employee benefit liabilities

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current				
Accrued Pay				
Opening balance	1,185	1,185	772	772
Additional provisions	1,138	1,138	1,185	1,185
Used during year	(1,185)	(1,185)	(772)	(772)
Transferred from non-current	-	-	-	-
Closing balance	**1,138**	**1,138**	**1,185**	**1,185**
Annual Leave				
Opening balance	1,512	1,512	1,455	1,455
Additional provisions	1,741	1,741	1,512	1,512
Used during year	(1,512)	(1,512)	(1,455)	(1,455)
Closing balance	**1,741**	**1,741**	**1,512**	**1,512**
Sick leave				
Opening balance	45	45	40	40
Additional provisions	49	49	45	45
Used during year	(45)	(45)	(40)	(40)
Closing balance	**49**	**49**	**45**	**45**
Long service leave				
Opening balance	120	120	99	99
Additional provisions	21	21	21	21
Used during year	-	-	-	-
Closing balance	**141**	**141**	**120**	**120**
Employee benefits - profit sharing and bonuses				
Opening balance	-	974	-	1,424
Additional provisions	-	2,802	-	1,086
Used during year	-	(1,998)	-	(1,536)
Closing balance	-	**1,778**	-	**974**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Employee benefits - Management Long Term Incentive (LTI)				
Opening balance	-	656	-	2,082
Utilised during the period	-	(656)	-	(889)
Unused amounts reversed	-	-	-	(537)
Additional provisions	-	-	-	-
Transferred from Non-current	-	342	-	-
Closing balance	-	**342**	-	**656**
Total Current	**3,069**	**5,189**	**2,862**	**4,492**
Non current				
Long service leave				
Opening balance	855	1,901	875	1,885
- Additional provisions	148	437	49	204
- Unused amounts reversed	-	(90)	-	(67)
Used during year	(52)	(85)	(69)	(121)
Closing balance	**951**	**2,163**	**855**	**1,901**
Employee benefits - Management Long Term				
Opening balance	-	404	-	-
- Additional provisions	-	333	-	404
- Transferred to current	-	(342)	-	-
Used during year	-	-	-	-
Closing balance	-	**395**	-	**404**
Total non current	**951**	**2,558**	**855**	**2,305**
Total employee benefit liabilities	**4,020**	**7,747**	**3,718**	**6,797**

Long service leave

Council

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rates and the salary inflation rate. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand Government bonds. This discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns.

Subsidiary

Long Service Leave Provision

Underlying assumptions for the long service leave provision relate to the probabilities of employees reaching the required vesting period to qualify for long service leave. Probability factors for reaching long service leave entitlements are based on historic employee retention information.

Employee Benefits – Profit Sharing and Bonuses

The Profit Sharing and Bonus Scheme rewards eligible employees based on a combination of company performance against budget and personal performance. The incentive is generally paid biannually.

Employee Benefits – Management Long Term Incentive (LTI)

Members of the *Port of Tauranga Group's* Executive Management Team are eligible to receive payment under the Management Long Term Incentive Scheme. The scheme is classified as a cash settled share based payment scheme and is based upon a combination of total shareholder return versus an index and earnings per share growth, both over a three year period.

The amount recognised in the income statement during the period is $333,000, (2014: $133,000).

26 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For additional information about the Group's exposure and sensitivity to interest rate risk, refer note 40.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current				
Commercial papers	-	180,000	-	160,000
Advances from employees	-	297	-	-
Finance lease liabilities	-	-	-	202
	-	**180,297**	**-**	**160,202**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Non current				
Fixed Rate Bond	-	125,000	-	50,000
Westpac	-	54,500	-	60,000
Standby revolving cash advance facility	-	-	-	45,000
Advances from employees	-	65	-	300
Finance lease liabilities	-	-	-	829
Perpetual Preference Share Quayside Holdings Limited		194,885		194,885
	-	**374,450**	**-**	**351,014**
Total borrowings	**-**	**554,747**	**-**	**511,216**

Commercial Papers

Commercial papers are secured, short term discounted debt instruments issued by the Port of Tauranga Limited for funding requirements as a component of its banking arrangements. The commercial paper programme is fully backed by committed and term bank facilities.

At 30 June 2015 the *Port of Tauranga Group* had $180 million of commercial paper debt that is classified within current liabilities (2014: $160 million). Due to this classification the *Port of Tauranga Group's* current liabilities exceed the *Port of Tauranga Group's* current assets. Despite this fact, the *Port of Tauranga Group* does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.

Westpac Banking Corporation

Quayside Holdings Limited has a $75 million (2014: $75 million) financing arrangement with Westpac Banking Corporation. This facility is secured by a mortgage over shares held in the Port of Tauranga Limited, and provides direct borrowings for the *Quayside Group*. The facility is for a term of 3 years and is expiring on 29 July 2016. At 30 June 2015 the balance outstanding was $54.5 million (2014: $60 million).

Fixed Rate Bonds

On 29 October 2013 the Port of Tauranga Limited issued a six year $50 million fixed rate bond bearing a fixed interest rate of 5.865% per annum. Interest is payable semi annually with a final maturity in 29 October 2019. On 23 January 2015, the Port of Tauranga Limited issued a six year $75 million fixed rate bond bearing a fixed interest rate of 4.792% per annum. Interest is paid semi annually with final maturity on 29th January 2021. The Port of Tauranga Limited incurred costs of $0.244 million (2014: $0.109 million) in connection with the issuance of the bonds which has been capitalised and is being amortised over the term of the bonds.

Standby Revolving Cash Advance Facility Agreement

The Port of Tauranga Limited has a $280 million (2014: $280 million) financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited and the Commonwealth Bank of Australia, New Zealand branch. The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

The standby revolving cash advance facility comprises of three tranches (2014: three tranches), tranche 1, a $100 million (2014: $100 million) facility maturing 31 January 2016 (2014: 31 January 2016), tranche 2, a $50 million (2014: $50 million) facility maturing 31 July 2017 (2014: 31 July 2017), and tranche 3, a $130 million (2014: $130 million) facility maturing 31 July 2019 (2014: 31 July 2019). These facilities are secured by way of a ships' mortgage over certain floating plant assets $1.981 million (2014: $2.240 million), mortgages over the land and building assets $598.559 million (2014: $555.502 million), and by a general security agreement over the assets of the Port of Tauranga Limited $1,272.926 million (2014: $1,104.871 million).

On 1 July 2015 the Port of Tauranga Limited refinanced this facility.

Multi Option Facility Agreement

The Port of Tauranga Limited has a $5 million (2014: $5 million) multi option financing facility with the Bank of New Zealand Limited, which is primarily used for short term working capital requirements. At 30 June 2015 this facility was undrawn (2014: nil). This facility expires on 31 December 2015 (2014: 31 December 2014). The Port of Tauranga Limited has the option to roll-over this facility for the period of one year, by giving notice to the Bank of New Zealand prior to the expiry of the facility. This facility is secured by way of a ships' mortgage over certain floating plant assets $1.981 million (2014: $2.240 million), and by a general security agreement over the land and building assets of the Port of Tauranga Limited $598.559 million (2014: $555.502 million).

Headroom Facility

Port of Tauranga Limited has a $30 million (2014: $30 million) revolving cash advance facility with ANZ Bank New Zealand Limited, used for headroom purposes. The facility is secured by way of a ships' mortgage over certain floating plant assets $1.981 million (2014: $2.240 million), mortgages over the land and building assets $598.559 million (2014: $555.502 million) and by a general security agreement over the assets of the Port of Tauranga Limited $1,272.926 million (2014: $1,104.871 million). At 30 June 2015 this facility is undrawn (2014: nil) and expires 13 months after the date of notice given by the Port of Tauranga Limited or ANZ Bank New Zealand Limited.

Advances From Employees

Advances from employees are contributions by employees to the Employee Share Ownership Plan (ESOP).

Finance lease liabilities

The Parent has no finance lease liabilities. This note is for the Group only.

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Gross payables under finance leases				
Current portion				
Not later than one year	-	-	-	315
Non current portion				
Later than one year and not later than five years	-	-	-	860
Later than five years	-	-	-	186
Total gross payables under finance leases	**-**	**-**	**-**	**1,361**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Future finance charges on finance leases				
Current portion				
Not later than one year	-	-	-	(113)
Non current portion				
Later than one year and not later than five years	-	-	-	(205)
Later than five years	-	-	-	(12)
Total finance charges on finance leases	**-**	**-**	**-**	**(330)**
Present values of minimum lease payments				
Not later than one year	-	-	-	202
Later than one year and not later than five years	-	-	-	655
Later than five years	-	-	-	174
Total net present value of minimum lease payments	**-**	**-**	**-**	**1,031**

The weighted average effective interest rate implicit in the leases was 13.60% in 2014. Finance lease liabilities related to leases over certain items of operating plant and equipment by Tapper Transport Limited.

Fair values of loans and borrowings

The amortised cost of variable rate loans and borrowings is assumed to closely approximate fair value as debt facilities are repriced every 90 days, except for the $125.000 million fixed rate bond.

Term and debt repayment schedule

Terms and conditions of outstanding interest bearing loans are as follows:

	Year of Maturity	Group 2014/15 $000	Group 2013/14 $000
Westpac - Facility A	2016	54,500	60,000
Fixed Rate Bond	2021	75,000	
Fixed Rate Bond	2019	50,000	50,000
Standby revolving cash advance facility - Tranche 1	2016		45,000
Commercial papers	2014	-	160,000
Commercial papers	2015	180,000	-
		359,500	**315,000**

The average weighted interest rate of interest bearing loans was 4.97% at 30 June 2015 (2014: 4.16%) for the Parent and 4.43% for the Group (2014: 5.30%).

27 Provisions

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current liabilities				
Unearned lease incentive income				
Balance at beginning of period	-	121	-	151
Additional provisions	-	-	-	
Transferred from non-current	-	-	-	121
Derecognised on sale of subsidiary operations	-	(20)	-	-
Utilised during the period	-	(101)	-	(151)
Closing balance	**-**	**-**	**-**	**121**
Wharf Maintenance				
Balance at beginning of period	-	292	-	-
Derecognised on sale of 49.9% shareholding in subsidiary	-	(292)	-	-
Additional provisions	-	-	-	292
Closing balance	**-**	**-**	**-**	**292**
Total current provision	**-**	**-**	**-**	**413**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Non current liabilities				
Unearned lease incentive period				
Opening balance	-	302	-	288
Additional provisions	-	-	-	135
Derecognised on sale of subsidiary operations	-	(302)	-	-
Utilised during the period	-	-	-	-
Transferred to current	-	-	-	(121)
Closing balance	**-**	**-**	**-**	**302**
Total non current provisions	**-**	**-**	**-**	**302**

Unearned Lease Incentive Income

Unearned lease incentive income relates to operating lease agreements for the lease of properties at Southdown, Auckland. This unearned lease incentive income has been derecognised by the *Port of Tauranga Group* on disposal of subsidiary operations.

Wharf Maintenance

Wharf maintenance relates to the operating lease agreement with PrimePort Timaru Limited and Timaru Container Terminal Limited. This maintenance provision was derecognised for the *Port of Tauranga Group* on the sale of a 49.9% shareholding in the subsidiary, Timaru Container Terminal Limited.

28 Retained earnings

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Retained Earnings				
Balance at 1 July	140,537	162,007	128,844	118,115
Profit share	(3,588)	43,934	(6,201)	33,967
Dividends paid	-	(8,467)	-	(7,970)
Reclassification of prior year retained earnings	-	(603)	-	-
Non-controlling interest adjustments	-	23	-	-
Movement in subsidiary's employee share scheme	-	(71)	-	-
Transfers from:				
Restricted reserve - disaster	425	425	631	631
Asset replacement reserve	8,385	8,384	6,988	6,988
Investment fund reserve	6,341	6,341	52,085	52,085
Regional project fund	809	809	(37,497)	(37,497)
Environmental enhancement fund	100	100	-	-
Equalisation fund reserve	2,178	2,178	6,256	6,256
Current account reserve	1,006	1,006	149	149
Rotorua Lakes restoration reserve	1,965	1,965	2,434	2,434
Revaluation reserve	-	-	-	-
Transfers to:				
Restricted reserve - disaster	(1,247)	(1,247)	(856)	(856)
Asset replacement reserve	(7,277)	(7,277)	(7,430)	(7,430)
Investment fund reserve	-	-	-	-
Regional project fund	(2,805)	(2,805)	-	-
Equalisation fund reserve	(1,169)	(1,169)	(2,533)	(2,533)
Current account reserve	(1,448)	(1,448)	(2,020)	(2,020)
Rotorua Lakes restoration reserve	(1,190)	(1,190)	(41)	(41)
CDEM Group reserve	(47)	(47)	(272)	(272)
Kaituna river authority	(250)	(250)	-	-
Rotorua Air	(1,088)	(1,088)	-	-
Non-controlling interest adjustments	-	-	-	-
	141,637	**201,510**	**140,537**	**162,006**

29 Other reserves

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Asset revaluation reserve				
Opening balance	118,876	448,022	119,046	448,196
Revaluation - land, buildings and plant	1,373	1,373	-	-
Revaluation - infrastructure assets	2,436	2,436	(170)	(170)
Revaluation - Port assets	-	35,258	-	-
Net change in share of equity accounted revaluation reserve	-	(180)	-	(4)
Kiwifruit licence revaluation	-	165	-	-
Reclassification of prior year retained earnings	-	603	-	-
Transfers to:	-	-	-	-
Retained earnings	-	-	-	-
Minority interest adjustments	-	-	-	-
Closing balance	**122,685**	**487,677**	**118,876**	**448,022**
Asset replacement reserve				
Opening balance	(1,028)	(1,028)	(1,470)	(1,470)
Transfers from:				
Retained Earnings	7,277	7,277	7,430	7,430
Transfers to:				-
Retained Earnings	(8,385)	(8,385)	(6,988)	(6,988)
Closing balance	**(2,136)**	**(2,136)**	**(1,028)**	**(1,028)**
Environmental enhancement fund				
Opening balance	1,227	1,227	1,227	1,227
Transfers from:				
Equalisation fund reserve	-	-	-	-
Transfers to:				
Retained Earnings	(100)	(100)	-	-
Closing balance	**1,127**	**1,127**	**1,227**	**1,227**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Restricted reserve - disaster				
Opening balance	5,377	5,377	5,152	5,152
Transfers from:				
Retained earnings	1,247	1,247	856	856
Transfers to:				
Retained earnings	(426)	(425)	(631)	(631)
Closing balance	**6,198**	**6,198**	**5,377**	**5,377**
Hedging cash flow reserve				
Opening balance	-	(1,951)	-	(3,773)
Net effective portion of changes in fair value of cashflow hedges	-	(2,519)	-	20
Net change in fair value of cashflow hedges transferred to profit or loss	-	892	-	1,735
Net changes in cashflow hedges transferred to property, plant and equipment	-	253	-	(32)
Net change in share of associates' cashflow hedge reserve	-	(148)	-	99
Non-controlling interest adjustments	-	-	-	-
Transfers from:				
Retained earnings	-	-	-	-
Closing balance	**-**	**(3,473)**	**-**	**(1,951)**
Equalisation fund reserve				
Opening balance	1,009	1,009	4,731	4,731
Transfers from:				
Retained earnings	1,169	1,169	2,533	2,533
Transfers to:				
Retained earnings	(2,178)	(2,178)	(6,256)	(6,256)
Environmental enhancement fund	-	-	-	-
Closing balance	**-**	**-**	**1,008**	**1,008**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
CDEM Group Reserve				
Opening balance	273	273	-	-
Transfers from:				
Retained earnings	47	47	273	273
Transfers to:				
Retained earnings	-	-	-	-
Environmental enhancement fund	-	-	-	-
Closing balance	**320**	**320**	**273**	**273**
Kaituna River Authority Reserve				
Opening balance	-	-	-	-
Transfers from:				
Retained earnings	250	250	-	-
Transfers to:				
Retained earnings	-	-	-	-
Environmental enhancement fund	-	-	-	-
Closing balance	**250**	**250**	**-**	**-**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Investment fund reserve				
Opening balance	127,730	127,730	179,814	179,814
Transfer from:				
Retained earnings	-	-	-	-
Transfer to:				
Retained earnings	(6,342)	(6,342)	(52,085)	(52,085)
Closing balance	**121,388**	**121,388**	**127,729**	**127,729**
Investment Fund reserve consists of:				
Funds invested	71,193	71,193	81,321	81,321
Internal infrastructure loans - Rivers and Drainage schemes	36,841	36,841	34,017	34,017
Internal infrastructure loans - Rotorua Lakes	9,080	9,080	8,115	8,115
Internal loan - building purchase	1,785	1,785	1,785	1,785
Onekawa property purchase	2,489	2,489	2,489	2,489
Closing balance	**121,388**	**121,388**	**127,728**	**127,728**
Regional Project Fund				
Opening balance	40,908	40,908	3,410	3,410
Transfer from:				
Retained earnings	2,805	2,805	37,497	37,497
Transfer to:				
Retained earnings	(809)	(809)	-	-
Closing balance	**42,904**	**42,904**	**40,908**	**40,908**

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Current accounts				
Opening balance	2,216	2,216	347	347
Transfer from:				
Retained earnings	1,447	1,447	2,020	2,020
Equalisation reserve	-	-	-	-
Transfer to:				
Retained earnings	(1,006)	(1,006)	(151)	(151)
Rotorua Lakes restoration reserve	-	-	-	-
Closing balance	**2,657**	**2,657**	**2,216**	**2,216**
Rotorua Lakes restoration reserve				
Opening balance	2,244	2,244	4,637	4,637
Transfer from:				
Retained earnings	1,190	1,190	41	41
Current account reserve	-	-	-	-
Transfer to:				
Retained earnings	(1,965)	(1,965)	(2,434)	(2,434)
Closing balance	**1,469**	**1,469**	**2,244**	**2,244**
Financial assets available for sale reserve				
Opening balance	1,985	1,985	4,146	4,146
Net fair value gains / (losses)	2,381	2,381	(2,161)	(2,161)
Reclassification to surplus or deficit on disposal	-	-	-	-
Closing balance	**4,366**	**4,366**	**1,985**	**1,985**
Total reserves	**301,228**	**662,747**	**300,814**	**628,009**

30 Non-controlling interest

Investment in Port of Tauranga Group	Council 2014/15	Group 2014/15	Council 2013/14	Group 2013/14
Percentage ownership interest		**54.14%**		**54.94%**
	$000	$000	$000	$000
Non current assets	-	1,238,010	-	1,113,694
Current assets	-	59,008	-	41,189
Non current liabilities	-	(195,413)	-	(150,439)
Current liabilities	-	(214,055)	-	(192,025)
Net Assets (100%)	**-**	**887,550**	**-**	**812,419**
Group share of net assets (54.14%)	**-**	**480,520**	**-**	**446,368**
Non Controlling Interest (45.86%)	**-**	**407,030**	**-**	**366,051**
Accounting adjustment to non controlling interest		**(7,126)**	-	**-**
Reported non controlling interest		**399,904**	**-**	**366,051**

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

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Reported profit after tax	**(3,588)**	**79,596**	**(6,201)**	**69,226**
Items classified as investing/financing activities				
Finance lease interest expense	-	101	-	130
Net (gain)/loss on investments	-	(13,288)	-	(6,531)
Net gain on sale of property, plant and equipment	(85)	(180)	(164)	(179)
Finance interest lease revenue	-	(258)	-	(771)
	(85)	(13,625)	(164)	(7,351)
Add/(less) non cash items:				
Depreciation and amortisation	5,670	28,911	5,468	27,857
Proceeds from amortisation of investments	(390)	(390)	(533)	(533)
Increase/(decrease) in LSL and sick leave provisions	92	92	-	-
Change in deferred taxation expense	-	(3,282)	-	(2,119)
Fair value movement in non hedge accounted derivatives	-	-	274	222
Seeka share rebate scheme	-	(36)	-	-
Share based payment reserve	-	1,041	-	-
Fair value (gains)/losses on investment property	-	(625)	-	(1,027)
Fair value (gains)/losses on biological assets	-	(1,834)	-	(2,963)
Fair value (gains)/losses on intangible assets	-	-	-	(603)
Share of surpluses retained by equity accounted investees	-	(10,277)	-	(9,370)
Ineffective portion of changes in fair value of cash flow hedges	-	(1,261)	-	(21)
Effective portion of change in fair value to ineffective cash flow hedges taken to property plant and equipment	-	640	-	-
Additional provisions less reversals	-	(546)	-	(1,160)
Gain on disposal of investments	-	(8,609)	-	-
Impairment of goodwill	-	6,221	-	-
Net change in impairment of property, plant and equipment	-	(160)	-	160
Net change in impairment of trade receivables	(160)	(189)	-	47
Net changes in impairment of hot swap loans	628	628	-	-
Loss on sale of property, plant and equipment	10	10	74	74
	5,850	10,334	5,283	10,564

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Add/(less) movements in working capital				
Change in receivables	(2,546)	(5,942)	(2,135)	(8,858)
Change in prepayments	73	73	(148)	(148)
Change in inventories	(33)	302	(6)	(331)
Change in taxation payable	-	108	-	1,324
Change in foreign cash deposits	-	(1,346)	-	316
Change in payables	(2,565)	3,644	3,844	4,220
Change in employee provisions	229	229	-	-
	(4,842)	(2,932)	1,555	(3,477)
Net cashflow from operating activities	**(2,665)**	**73,373**	**473**	**68,961**

32 Commitments

Capital commitments

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Estimated capital commitments contracted for at balance date but not yet provided for	-	23,798	-	31,373
	-	**23,798**	**-**	**31,373**

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Major capital commitments at 30 June 2015 relate to the purchase of one tug, four straddles and two container cranes (plant and equipment class of assets).

Operating leases as lessee

The Council leases land, buildings, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months.

Subsidiary

The *Port of Tauranga Group* leases a number of properties and various items of equipment under operating leases. All properties and plant are leased at market rentals and reviewed at regular intervals. It has been determined that substantially all the risks and rewards of the leased assets remain with the lessor, and therefore the *Port of Tauranga Group* classifies the leases as operating leases.

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Not later than one year	837	2,069	867	4,684
Later than one year and not later than five years	2,325	5,047	2,425	12,935
Later than five years	356	1,282	693	9,767
Total non-cancellable operating leases	**3,518**	**8,398**	**3,985**	**27,386**

The majority of leases can be renewed at the Council and group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council and group does not have an option to purchase the assets at the end of the lease term. There are no restrictions placed on the Council and group by any leasing arrangement.

Operating leases as lessor

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Not later than one year	984	17,752	1,057	12,573
Later than one year and not later than five years	987	35,412	1,674	25,661
Later than five years	174	18,696	237	19,926
Total non-cancellable operating leases	**2,145**	**71,860**	**2,968**	**58,160**

33 Contingencies

Contingent liabilities

RENA Resource consent

Some costs in relation to the consenting matters in respect of the RENA may be incurred by council, however these are unknown at this time.

Financial guarantee - New Zealand Local Government Funding Agency

The Bay of Plenty Regional Council is a shareholder of The New Zealand Local Government Funding Agency Limited. This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AA+ which is equal to New Zealand Government sovereign rating.

As at 30 June 2015 Bay of Plenty Regional Council is one of the 31 shareholders made up of 30 local authorities and the Crown. All 30 local authority shareholders have uncalled capital equal to their individual shareholding and totalling $20 million in aggregate which can be called on in the event that an imminent default is identified. Also together with the other shareholders, Bay of Plenty Regional Council is a guarantor of all of NZLGFA borrowings. As at 30 June 2015, NZLGFA had borrowings totalling $4,955 million (2014: $3,695 million).

Financial reporting standards require Bay of Plenty Regional Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local Government legislation would enable local authorities to levy a rate, to recover sufficient funds to meet any debt obligations if further funds were required.

Uncalled capital

The Council is liable for the uncalled capital in its wholly owned subsidiary, Quayside Holdings Limited, of $81,829,918 being 2,003,190,217 Redeemable Preference Shares at 0.000004 cents per share.

Subsidiary

At 30 June 2015 for the subsidiary there were no contingent assets or liabilities.

34 Related party transactions

Bay of Plenty Regional Council is the parent of the Group and controls Quayside Holdings Limited and its subsidiaries, Quayside Properties Limited, Quayside Securities Limited, Quayside Investment Trust and Quayside Unit Trust. Through the shareholding in Quayside Securities Limited as Trustee for Quayside Unit Trust, a controlling interest is held in the Port of Tauranga (POTL) and its subsidiaries and equity accounted investees.

Related party transactions with subsidiaries and equity accounted investees:

	2014/15 $000	2013/14 $000
Transactions with Related Parties:		
Bay of Plenty Regional Council		
Services provided to Quayside Holdings Limited	76	34
Accounts payable by Quayside Holdings Limited	7	3
Services provided to Quayside Properties Limited	2	8
Services provided to Port of Tauranga Limited	16	11
Accounts payable by Port of Tauranga Limited	-	0
Quayside Unit Trust		
Dividends paid to Quayside Holdings Limited	39,000	40,300
Interest paid by Quayside Holdings Limited		-
Interest payable by Quayside Holdings Limited		-
Interest received by Quayside Holdings Limited	1,492	1,484
Interest receivable by Quayside Holdings Limited	208	192
Loan receivable by Quayside Holdings Limited	26,631	36,195
Loan repayment received by Quayside Holdings Limited	9,564	
Dividends received from Port of Tauranga Limited	37,580	34,633

	2014/15 $000	2013/14 $000
Quayside Properties Limited		
Interest received by Quayside Holdings Limited	549	466
Interest receivable by Quayside Holdings Limited	71	59
Loan receivable by Quayside Holdings Limited	11,397	11,397
Management fees paid to Quayside Holdings Limited	23	-
Subvention paid to Quayside Holdings Limited	476	-
Subvention receivable by Quayside Holdings Limited	-	476
Quayside Investment Trust		
Units purchased by Quayside Holdings Limited	29,652	19,313
Quayside Securities Limited		
Management fees paid to Quayside Holdings Limited	16	-
Subvention paid to Quayside Holdings Limited	24	17
Subvention receivable by Quayside Holdings Limited	-	24
MetroPack Limited		
Advances by Tapper Transport Limited	-	146
Services provided by Tapper Transport Limited	-	1,257
Accounts receivable by Tapper Transport Limited	-	137
Services provided to Tapper Transport Limited	-	454
Accounts payable by Tapper Transport Limited	-	46
Tax subvention payment received from Tapper Transport Limited	-	353

	2014/15 $000	2013/14 $000
Transactions with Equity Accounted Investees:		
Cubic Transport Services Limited		
Services provided to Tapper Transport Limited	22	1
Services provided by Tapper Transport Limited	409	575
Accounts receivable by Tapper Transport Limited	-	57
Accounts payable by Tapper Transport Limited	-	-
MetroBox Auckland Limited		
Advances by Port of Tauranga Limited	-	1,785
Services provided to Tapper Transport Limited	70	-
Services provided by Tapper Transport Limited	-	35
Accounts payable by Tapper Transport Limited	-	6
Northport Limited		
Services provided by Port of Tauranga Limited	30	32
Accounts receivable by Port of Tauranga Limited	5	4
Services provided to Quality Marshalling	49	-
Accounts payable by Quality Marshalling	4	-
PortConnect Limited		
Services provided by Port of Tauranga Limited	300	-
Advances by Port of Tauranga Limited	1,400	-
Services provided by Timaru Container Terminal Limited	-	4
Accounts receivable by Port of Tauranga Limited	-	5
Timaru Container Terminal Limited		
Sale of fixed assets to Quality Marshalling Limited	-	1,195
Services provided by Quality Marshalling Limited	2,738	-
Accounts receivable by Quality Marshalling Limited	575	-
Services provided by Port of Tauranga Limited	499	-
Accounts receivable by Port of Tauranga Limited	1,405	-
Accounts payable by Port of Tauranga Limited	836	-
Advances by Port of Tauranga Limited	6,119	-
Coda Group Limited Partnership		
Services provided by Port of Tauranga Limited	182	-
Accounts receivable by Port of Tauranga Limited	187	-

	2014/15 $000	2013/14 $000
PrimePort Timaru Limited		
Services provided by Port of Tauranga Limited	30	-
Services provided to Timaru Container Terminal Limited	-	1,272
Accounts payable to Timaru Container Terminal Limited	-	131
Services provided by Timaru Container Terminal Limited	-	4
Accounts receivable by Timaru Container Terminal Limited	-	5

Transactions with councillors are shown below:	2014/15 Paid $	2014/15 Received $	2013/14 Paid $	2013/14 Received $
Te Awanuiarangi Black - Te Puna/Raniriri Trust	6,750	-	19,550	-
David Love - Classic Flyers NZ	9,401	-	18,323	-
Paula Thompson - Tauranga Environment Centre	57,500	-	34,947	-
Jane Nees - Grow Rotorua Ltd	28,463	-	17,250	-
Douglas Leeder - Leeder Land Ltd	24,556	774	26,440	-
John Cronin	-	-	-	738
Arapeta Tahana - Rotoiti 15 Ahu Whenua Trust	262	-	-	-
Stephen Tipene Perenara Marr - Te Arawa Lakes Trust	14,896	167	-	-
Stephen Tipene Perenara Marr - Te Mana O Ngiti Rangitahi Trust	2,089	-	-	-
Stephen Tipene Perenara Marr -Ruawāhia 2B Trust	34,500	-	-	-

In the *Port of Tauranga Group*, no interest is charged on advances to Equity Accounted Investees and subsidiaries, and they are repayable on demand. In the Quayside Group, interest is on charged on intercompany loans at the actual rate of interest incurred by Quayside Holdings Limited.

During the year the Port of Tauranga Limited and Tapper Transport Limited made a subvention payment to Metropack Limited of $0.123 million each in exchange for tax losses of the same amount. The payment was offset against loans in each of the individual financial statements and has been eliminated in the Group financial statements.

No related party debts have been written off or forgiven during the year.

Perpetual Preference Shares

Quayside Holdings Limited issued a registered prospectus in which the Council offered 200,000,000 Perpetual Preference Shares in Quayside Holdings Limited to the public at $1 per share. On 12 March 2008, 200,000,000 Perpetual Preference Shares were transferred to the successful applicants for Perpetual Preference Shares under the prospectus. The Council retained 783 Perpetual Preference Shares.

The proceeds from the sale of shares are available for the Council to invest in infrastructure projects in the Bay of Plenty region and have been invested in term deposits and bonds and fixed and floating rate notes.

The Perpetual Preference Shares have no fixed term, and are not redeemable. Holders of Perpetual Preference Shares are entitled to receive Dividends which are fully imputed (or “grossed up” to the extent they are not fully imputed), quarterly in arrears. These dividends are at the discretion of the board of directors. On a liquidation of Quayside Holdings, the Holder of a Perpetual Preference Share will be entitled to receive the Liquidation Preference in priority to the holders of its Uncalled Capital, its Ordinary Shares, its Redeemable Preference Shares and any other shares ranking behind the Perpetual Preference Shares. Holders of Perpetual Preference Shares will not be entitled to receive notice of, attend, vote or speak at any meetings of Quayside Holdings (or its shareholders), but will be entitled to attend any meetings of, and vote on any resolutions of Holders (for example, in relation to exercise of the Put Option, or as required by the Companies Act in relation to any action affecting the rights attached to Perpetual Preference Shares held by members of any “interest group” of Holders).

The Council may, at any time after 12 March 2010, call all or part (pro rata across all Holders, and if in part, subject to a minimum number of Perpetual Preference Shares left uncalled) of the Perpetual Preference Shares. No call or part call has been exercised. In certain circumstances (including Quayside Holdings becoming insolvent, electing not to pay a Dividend or ceasing to have a majority shareholding (directly or indirectly) in Port of Tauranga), the Put Option, as defined by the prospectus dated 12 March 2008, will be triggered. Depending on the event which has triggered the Put Option, the Administrative Agent will either be automatically required (on receipt of notice), or may by a Special Resolution of Holders (or by Special Approval Notice) be required, on behalf of all Holders of Perpetual Preference Shares, to require the Council to purchase all the Perpetual Preference Shares.

Quayside Holdings Limited may issue further securities (including further perpetual preference shares) ranking equally with, or behind, the Perpetual Preference Shares without the consent of any Holder. However, it may not issue any other shares ranking in priority to the Perpetual Preference Shares as to distributions without the approval of the Holders by way of a Special Resolution or pursuant to a Special Approval Notice.

The arrangement had the benefit of a three-year private ruling issued by Inland Revenue effective from 17 September 2007. A new ruling was granted by Inland Revenue on 27 July 2010, expiring on 16 September 2013. A subsequent three-year ruling was granted by Inland Revenue on 26 August 2013, expiring 16 September 2016.

Option Deed

There exists an Option Deed relating to Perpetual Preference Shares dated 31 January 2008 between Quayside Holdings Limited, Bay of Plenty Regional Council and The New Zealand Guardian Trust Company Limited.

Put Option trigger events

There are a number of the factors which could result in Quayside Holdings being unwilling or unable to pay a Dividend on the Perpetual Preference Shares. Such factors could conceivably give rise to other circumstances under which the Put Option would be exercisable, such as the insolvency of Quayside Holdings. In addition, the Put Option could become exercisable if Quayside Holdings ceases to have a majority shareholding (directly or indirectly) in Port of Tauranga or if the liability to it of the holder/s of its Uncalled Capital is reduced (other than by payment of calls). Quayside Holdings has no present intention of reducing its (indirect) majority shareholding in Port of Tauranga or reducing the liability to it of holders of Uncalled Capital. However, its (indirect) majority shareholding in Port of Tauranga could be lost as a result of actions outside its control, such as a non pro rata share issue by Port of Tauranga. If the Administrative Agent (Guardian Trust) exercised the Put Option, Perpetual

Preference Shareholders would be entitled to receive $1.00 plus any Unpaid Amount plus (unless Quayside Holdings has elected to pay a Dividend prior to and in anticipation of the transfer of all the Perpetual Preference Shares following the exercise of the Put Option) an amount representing a return on their Perpetual Preference Shares at the prevailing Dividend Rate from (and including) the last Dividend Payment Date to (but excluding) the Transfer Date but, from the Transfer Date, would no longer have any entitlement to further Dividends.

Perpetual Preference Shares are transferable and listed on the NZDX under the symbol QHLHA.

Quayside Holdings Limited has classified the Perpetual Preference Shares as equity for the following reasons:

- The Perpetual Preference Shares have no fixed term, and are not redeemable.
- The quarterly payment of dividends by Quayside Holdings Limited to Perpetual Preference shareholders is optional and resolved on by the Board of Quayside Holdings Limited.
- Dividends on the PPS may be imputed, and as such are equity instruments.
- PUT or CALL options, if exercised are payable by Bay of Plenty Regional Council, the ordinary shareholder of Quayside Holdings Limited.

Call Option trigger events

After 12 March 2010 Bay of Plenty Regional Council may exercise the Call Option at any time. The Bay of Plenty Regional Council does not have any intention of exercising the call option.

Dividend payment

A significant transaction between Council and Quayside Holdings Limited is a dividend payment of $15,811,000. (2013/14 $14,591,000).

Other related entities -

Other related parties include subsidiaries in the Quayside Group.

During the year, the subsidiary entered into transactions with companies in which directors hold directorships. These directorships have not resulted in the group having a significant influence over the operations, policies or key decisions of these companies. These transactions have occurred on normal commercial terms.

BOPLASS Limited

BOPLASS Limited was incorporated on 14 January 2008, and has share capital of 31 shares at 30 June 2015.. The purpose of the company is to foster collaboration between the nine shareholder councils in the delivery of "back office" services. Mary-Anne Macleod, Chief Executive of Bay of Plenty Regional Council is a director of BOPLASS Limited. Bay of Plenty Regional Council holds $1,000 fully paid ordinary voting shares and $16,364 fully paid non voting shares.

During 2014/15 the Council was invoiced by BOPLASS for the following services:

	2014/15 $	2013/14 $
Advisory group levies	6,581	12,000
Aerial photography	83,985	83,985
Annual contribution	49,747	49,747
Directors workshop	-	8,908
GIS projects	-	5,985
GIS shared services	393	517
Maintenance	10,177	-
Media monitoring services	16,922	-
Memberships, licenses and training	12,545	9,442
Other projects	41,980	49,270
Regional network lease	368,427	315,518
Shared services	-	6,140
Video conferencing network	15,000	5,001
	605,757	**546,513**

During 2014/15 the Council was paid by BOPLASS for the following services:

	$	$
Other operational costs	186,553	145,813
	186,553	**145,813**

Key management personnel

Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Bay of Plenty Regional Council (such as payment of rates).

Two Councillors of the Bay of Plenty Regional Council (Jane Nees and Paula Thompson) were directors of Quayside Holdings Limited, Quayside Securities Limited and Quayside Properties Limited at 30 June 2015. The Chief Executive of Bay of Plenty Regional Council (Mary-Anne Macleod) was appointed as Director of the above companies in August 2011.The past Chairman of the Bay of Plenty Regional Council (John Cronin) is a director of Port of Tauranga Limited.

Councillors entered into no related party transactions with Council.

Key management personnel include the chief executive, other senior management personnel, Councillors and directors within the group.

Subsidiary

The *Port of Tauranga Group* does not provide any non cash benefits to Directors and Executive Officers in addition to their Directors' fees or salaries.

Key management personnel compensation

	Council 2014/15 $000	Group 2014/15 $000	Council 2013/14 $000	Group 2013/14 $000
Salaries and other short-term employee benefits	1,635	6,404	1,548	6,748
Other long-term benefits	-	-	-	-
Post employment benefits	43	43	42	42
Councillor remuneration	895	-	820	-
Directors fees	-	813		833
Termination Benefits	-	-	32	32
	2,573	**7,260**	**2,442**	**7,655**

	Council 2014/15	Council 2013/14
Councillors - Full time equivalent members*	14	14
Executive Leadership Team - Full time equivalent	7	7

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

All *Port of Tauranga Group* Executive Officers participate in a cash settled share based incentive scheme.

Director's fees are inclusive of GST up to 1st April 2015, when Quayside Holdings Limited became registered for GST purposes. GST charged on directors fees subsequent to 1st April 2015 does not form part of total director's fees expense. At 30 June 2015, there were no fees owing to the directors of Quayside Holdings Limited (2014: nil). Reimbursable expenses of $584 (2014: $812) were owed to directors and executive officers.

No provision has been required, nor any expense recognised for impairment of receivables, for any loans or other receivables to related parties.

35 Remuneration

Remuneration of the Chief Executive (Council)

The Chief Executive of the Bay of Plenty Regional Council (Mary-Anne Macleod), appointed under section 42(1) of the Local Government Act 2002, received total remuneration of $311,394. Included in that remuneration is private use of a Council supplied motor vehicle ($4,421) and superannuation ($9,342). There are no other Council supplied benefits.

Remuneration of Councillors

	$	$
J M Cronin	64,228	77,655
P J Sherry	54,083	52,670
N F Oppatt	53,990	51,154
J Nees	78,065	71,924
L Thurston	59,356	54,318
P Thompson	69,710	60,587
D Owens	53,990	51,154
D Leeder	131,581	86,303
D Love	54,095	36,233
C Holmes	54,130	36,233
N Bruning	54,305	36,233
A Black	59,403	39,385
A Tahana	54,077	36,233
SP Marr	53,875	51,154
R M Bennett	-	16,437
I A Noble	-	14,921
M W Whitaker	-	16,437
J Mansell	-	14,921
T Eru	-	16,437
	894,888	**820,389**

Remuneration of Directors

	2014/15	2013/14
	$	$
J M Green QSM	69,000	69,000
J M Nees	53,000	53,000
M J Smith	145,000	143,000
R Tait	53,000	53,000
P Thompson	53,000	53,000
A W Baylis	65,000	63,000
J M Cronin	57,000	55,000
D A Pilkington	120,000	101,000
Sir Dryden Spring	20,000	59,000
K Tempest	59,000	57,000
K Ellis	60,000	56,000
J S Parker	-	48,000
A Lawrence	59,000	23,000
	813,000	**833,000**

Remuneration of Council Employees

		2014/15	2013/14
	< $60,000	119	77
	$60,000 - $79,999	76	110
	$80,000 - $99,999	85	69
	$100,000 - $119,999	25	25
	$120,000 - $139,999	16	13
	$140,000 - $159,999	8	-
*	$160,000 - $219,999	6	7
**	$220,000 - $319,999	1	1
	Total Employees	**336**	**302**

* This is an example of a combined band disclosure. Schedule 10, clause 32A of the LGA requires where the number of employees in any band is 5 or fewer, the number for that band is combined with the next-highest band.

** The Chief executive has elected to disclose their salary separately rather than combining with other bands

Total remuneration includes non-financial benefits provided to employees.

At 30 June 2015, the Council employed 295 full-time employees (2014: 270), with the balance of staff (41) representing 29 full-time equivalent staff (2014: 34). A full time employee is determined on the basis of a 37.5 or 40 hour working week.

36 Severance

For the year ended 30 June 2015, the Council made three (2014: one) severance payments to employees totalling $34,355 (2014: $31,965).

The value of each of the severance payment was $23,859, $5,496, and $5,000.

37 Segmental reporting

At 30 June 2015 the Group comprises two main business segments. The first was the business of facilitating export and import activities (Port), and the second was the business of investment (Investing). Both business segments operate in one geographic segment, being New Zealand.

Although the *Port of Tauranga Group* reports four main reportable segments, at the Group level, information provided by the *Port of Tauranga Group* is presented to the Chief Operating Decision Maker as one business segment.

The segment results for the year ended 30 June are:

	Port $000	Investing $000	Total $000
30 June 2015			
Total segment revenue	268,365	39,636	308,001
Inter-segment revenue	-	(37,580)	(37,580)
Revenue (from external customers)	268,365	2,056	270,421
Share of profit of equity accounted investees	10,298	-	10,298
Gain on disposal of investments	8,609	-	8,609
Impairment of goodwill	(6,221)	-	(6,221)
Other income/gains	95	26,536	26,631
Finance income	2,259	712	2,971
Finance costs	(17,092)	(2,843)	(19,935)
Depreciation and amortisation	(23,238)	(3)	(23,241)
Other expenditure/losses	(137,684)	(8,137)	(145,821)
Income tax expense	(26,243)	-	(26,243)
Profit after income tax	79,148	18,321	97,469

	Port $000	Investing $000	Total $000
30 June 2014			
Total segment revenue	266,273	37,567	303,840
Inter-segment revenue	-	(34,633)	(34,633)
Revenue (from external customers)	266,273	2,934	269,207
Share of profit of Equity Accounted Investees	9,370	-	9,370
Other income/gains	338	17,697	18,035
Finance income	1,051	672	1,723
Finance costs	(15,365)	(2,539)	(17,904)
Depreciation and amortisation	(22,389)	-	(22,389)
Other expenditure/losses	(134,467)	(6,604)	(141,071)
Income tax expense	(26,559)	-	(26,559)
Profit after income tax	78,252	12,160	90,412

The segment assets at 30 June are:

Segment Assets	Port $000	Investing $000	Total $000
30 June 2015	1,178,046	147,180	1,325,226
30 June 2014	1,083,804	121,249	1,205,053

	30 June 2015 $000	**30 June 2014** $000
Total segment assets	1,325,226	1,205,053
Investment in equity accounted associates	119,032	71,079
Total assets per the statement of financial position	**1,444,258**	**1,276,132**

38 Deferred Consideration

The Council has no deferred consideration. This note is for the subsidiary only.

Quality Marshalling

An amount of $500,000 (2014: $500,000) has been retained by the *Port of Tauranga Group* as a "Warranty Retention Fund" to satisfy any potential claims that may arise subsequent to acquisition and shall be held to 31 January 2016. Whilst any Warranty Retention Fund remains owing to the vendors, interest shall be paid on the amount owing at a rate of 10% per annum.

39 Events after the balance sheet date

Refinancing of Standby Revolving Cash Advance Facility

On 1 July 2015, the Port of Tauranga Limited refinanced its $280 million financing arrangement with ANZ Banking New Zealand Limited, Bank of New Zealand Limited and Commonwealth Bank of Australia New Zealand branch.

The Port of Tauranga Limited extended the maturity date of its $100 million tranche 1 facility to 31 December 2016. The Port of Tauranga Limited increased the size of its tranche 2 facility by $50 million to $100 million and extended the maturity date of this tranche to 30 June 2019. The Port of Tauranga Limited decreased the size of its tranche 3 facility by $50 million to $80 million and extended the maturity date of this tranche to 30 June 2020.

Dredging of the Tauranga Harbour

Port of Tauranga Limited: On 7 July 2015 Danish dredging company Rohde Nielsen was awarded the tender for dredging of the Tauranga harbour and has been appointed to deepen and widen the shipping channels from 12.9 metres to 14.5 metres depth inside the harbour and 15.8 metres outside the harbour. Work is scheduled to commence in October 2015 and will be completed by August 2016.

40 Financial instruments

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and commodity risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The group comprises three governance structures:

- Bay of Plenty Regional Council (Parent company)
- *Quayside Group* – comprising Quayside Holdings Limited (Parent company) and its directly controlled subsidiaries: Quayside Securities Limited, Quayside Unit Trust, Quayside Investment Trust and Quayside Properties Limited.
- *Port of Tauranga Group* – comprising the Port of Tauranga Limited and its subsidiaries and Equity Accounted Investees. This group is owned 54.14% by the Quayside Group.

Council

The Council has a series of policies to manage the risks associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities.The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Subsidiary

The Board of Directors of the *Quayside Group* has overall responsibility for the establishment and oversight of the Group's financial risk management framework; however each of the *Groups* described above has its own Audit Committee appointed by its Board of Directors. Each Audit Committee is established on 'best practice' principles and is responsible for developing and monitoring risk management policies, and reports regularly to their respective Board of Directors on its activities.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities Each Board ultimately oversees how management monitors compliance with the *Group's* financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the *Group*.

The Group held the following financial instruments at reporting date.

	Loans and receivables $000	Assets designated at fair value $000	Assets held for trading $000	Available for-sale $000	Held to maturity $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Group 2014/15								
Financial assets								
Cash and cash equivalents	43,092	-	-	-	-	-	43,092	43,092
Other financial assets	28,800	1,066	-	-	-	-	29,866	29,866
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade and other receivables	55,025	-	-	-	-	-	55,025	54,939
Total current financial assets	126,917	1,066	-	-	-	-	127,983	127,897
Derivative financial instruments	-	280	-	-	-	-	280	280
Trade and other receivables	3,705	-	-	-	-	-	3,705	3,705
Other financial assets	-	113,089	1,950	151,547	-	-	266,586	266,586
Total non current financial assets	3,705	113,369	1,950	151,547	-	-	270,571	270,571
Total financial assets	**130,622**	**114,435**	**1,950**	**151,547**	**-**	**-**	**398,554**	**398,468**
Financial liabilities								
Derivative financial instruments	-	977	-	-	-	-	977	977
Borrowings	-	-	-	-	-	180,297	180,297	180,297
Deferred consideration	-	-	-	-	-	500	500	519
Trade and other payables	-	-	-	-	-	30,580	30,580	30,580
Total current financial liabilities	-	977	-	-	-	211,377	212,354	212,373
Derivative financial instruments	(3,340)	11,724	-	-	-	-	8,384	8,384
Borrowings	-	-	-	-	-	374,450	374,450	378,254
Deferred consideration	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	32	32	32
Put option provision	-	39,000	-	-	-	-	39,000	39,000
Total non current financial liabilities	(3,340)	50,724	-	-	-	374,482	421,866	425,670
Total financial liabilities	**(3,340)**	**51,701**	**-**	**-**	**-**	**585,859**	**634,220**	**638,043**

	Loans and receivables $000	Assets designated at fair value $000	Assets held for trading $000	Available for-sale $000	Held to maturity $000	Other amortised cost $000	Total carrying amount $000	Fair value $000
Council 2014/15								
Financial assets								
Cash and cash equivalents	10,615	-	-	-	-	-	10,615	10,615
Other financial assets	28,800	-	-	-	-	-	28,800	28,800
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade and other receivables	13,836	-	-	-	-	-	13,836	13,836
Total current financial assets	53,251	-	-	-	-	-	53,251	53,251
Derivative financial instruments	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	11	-	-	11	11
Trade and other receivables	3,705	-	-	-	-	-	3,705	3,705
Other financial assets	-	-	1,950	151,547	-	-	153,497	153,497
Total non current financial assets	3,705	-	1,950	151,558	-	-	157,213	157,213
Total financial assets	**56,956**	**-**	**1,950**	**151,558**	**-**	**-**	**210,464**	**210,464**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	9,528	9,528	9,528
Total current financial liabilities	-	-	-	-	-	9,528	9,528	9,528
Derivative financial instruments	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-	-
Put option provision	-	39,000	-	-	-	-	39,000	39,000
Total non current financial liabilities	-	39,000	-	-	-	-	39,000	39,000
Total financial liabilities	**-**	**39,000**	**-**	**-**	**-**	**9,528**	**48,528**	**48,528**

	Loans and receivables	Assets designated at fair value	Assets held for trading	Available for-sale	Held to maturity	Other amortised cost	Total carrying amount	Fair value
	$000	$000	$000	$000	$000	$000	$000	$000
Group 2013/14								
Financial Assets								
Cash and cash equivalents	78,238	-	-	-	-	-	78,238	78,238
Other financial assets	-	-	-	1,514	1,300	-	2,814	2,814
Derivative financial instruments	-	-	52	-	-	-	52	52
Hedged derivative financial instruments	-	-	-	-	-	-	-	-
Trade and other receivables	52,439	-	-	-	-	-	52,536	52,631
Total current financial assets	130,677	-	52	1,514	1,300	-	133,640	133,735
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade and other receivables	4,939	-	-	-	-	-	4,939	4,939
Other financial assets	-	76,524	1,950	148,761	-	-	227,235	221,569
Total non current financial assets	4,939	76,524	1,950	148,761	-	-	232,174	226,508
Total financial assets	**135,616**	**76,524**	**2,002**	**150,275**	**1,300**	**-**	**365,814**	**360,243**
Financial Liabilities								
Derivative financial instruments	-	1,209	-	-	-	-	1,209	1,209
Borrowings	-	-	-	-	-	160,202	160,202	160,299
Deferred consideration	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	32,085	32,085	32,085
Total current financial liabilities	-	1,209	-	-	-	192,287	193,496	193,593
Derivative financial instruments	-	-	-	-	-	-	3,340	3,340
Borrowings	-	-	-	-	-	351,014	351,014	350,928
Deferred consideration	-	-	-	-	-	500	500	537
Total non current financial liabilities	-	-	-	-	-	351,514	354,854	354,805
Total financial liabilities	**-**	**1,209**	**-**	**-**	**-**	**543,801**	**548,350**	**548,398**

	Loans and receivables	Assets designated at fair value	Assets held for trading	Available for-sale	Held to maturity	Other amortised cost	Total carrying amount	Fair value
	$000	$000	$000	$000	$000	$000	$000	$000
Council 2013/14								
Financial assets								
Cash and cash equivalents	50,710	-	-	-	-	-	50,710	50,710
Other financial assets	-	-	-	1,514	-	-	1,514	1,514
Derivative financial instruments	-	-	-	-	-	-	-	-
Hedged derivative financial instruments	-	-	-	-	-	-	-	-
Trade and other receivables	11,347	-	-	-	-	-	11,347	11,347
Total current financial assets	62,057	-	-	1,514	-	-	63,570	63,570
Derivative financial instruments	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	11	-	-	11	11
Trade and other receivables	4,939	-	-	-	-	-	4,939	4,939
Other financial assets	-	-	1,950	148,761	-	-	150,711	150,711
Total non current financial assets	4,939	-	1,950	148,772	-	-	155,661	155,661
Total financial assets	**66,996**	**-**	**1,950**	**150,286**	**-**	**-**	**219,231**	**219,231**
Financial liabilities								
Derivative financial instruments	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred consideration	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	11,959	11,959	11,959
Total current financial liabilities	-	-	-	-	-	11,959	11,959	11,959
Derivative financial instruments	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred consideration	-	-	-	-	-	-	-	-
Put option provision	-	39,000	-	-	-	-	39,000	39,000
Total non current financial liabilities	-	39,000	-	-	-	-	39,000	39,000
Total financial liabilities	**-**	**39,000**	**-**	**-**	**-**	**11,959**	**50,959**	**50,959**

Fair value estimation

Quayside Group

All other financial assets are listed equities in domestic and overseas traded markets. The fair value of these assets is their market values at measurement date.

Fair value hierarchy

The following table analyses financial instruments carried at fair value, by valuation method. Refer to note 40 for details of the different hierarchy level definitions which have been used.

Group 2014/15	**Level 1** $000	**Level 2** $000	**Level 3** $000	**Total** $000
Assets per the statement of financial position				
Other financial assets	113,089	-	-	113,089
Assets held for trading through profit and loss	1,950	-	-	1,950
Assets held as available for sale	151,547	-	-	151,547
Derivative financial instruments	-	1,346	-	1,346
	266,586	1,346	-	267,932
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	(9,361)	-	(9,361)
	-	(9,361)	-	(9,361)

Council 2014/15	**Level 1** $000	**Level 2** $000	**Level 3** $000	**Total** $000
Assets per the statement of financial position				
Assets designated at fair value through profit and loss	-	-	-	-
Assets held for trading through profit and loss	1,950	-	-	1,950
Assets held as available for sale	151,558	-	-	151,558
Interest rate derivative assets	-	-	-	-
	153,508	-	-	153,508
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	-	-	-
Put option provision	-	-	39,000	39,000
	-	-	39,000	39,000

Group 2013/14	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Assets designated at fair value through profit and loss	76,524	-	-	76,524
Assets held for trading through profit and loss	1,950	-	-	1,950
Assets held as available for sale	148,761	-	-	148,761
Interest rate derivative assets	-	52	-	52
	227,235	52	-	227,287
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	(4,549)	-	(4,549)
	-	(4,549)	-	(4,549)

Council 2013/14	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets per the statement of financial position				
Assets designated at fair value through profit and loss	-	-	-	-
Assets held for trading through profit and loss	1,950	-	-	1,950
Assets held as available for sale	148,772	-	-	148,772
Interest rate derivative assets	-	-	-	-
	150,722	-	-	150,722
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	-	-	-
Put option provision	-	-	39,000	39,000
	-	-	39,000	39,000

Credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, trade receivables, advances to subsidiaries and Equity Accounted Investees, intercompany loans, finance lease receivables and derivative instruments.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	Council		Group	
	2014/15 $000	2013/14 $000	2014/15 $000	2013/14 $000
Trade and other receivables - current	13,836	11,347	54,942	52,453
Trade and other receivables - non current	3,705	4,939	3,705	4,939
Derivative financial instruments	-	-	1,346	52
Other financial assets	28,800	-	28,800	-
Cash and cash equivalents	10,615	50,710	43,092	78,238
	56,956	66,996	131,885	135,682

Quayside Group

The only concentration of credit risk at reporting date relates to the intercompany loans, which the Parent has control over.

Port of Tauranga Group

The only significant concentration of credit risk at reporting date relates to bank balances and advances to Equity Accounted Investees. Management are satisfied with the credit quality of all these debtors and does not anticipate any non performance.

The *Port of Tauranga Group* only transacts in treasury activity (including investment, borrowing and derivative transactions) with Board approved counterparties. Unless otherwise approved by the Board, counterparties are required to be New Zealand registered banks with a Standard & Poor's credit rating of A+ or above. The *Port of Tauranga Group* continuously monitors the credit quality of the financial institutions that are counterparties and does not anticipate any non performance.

The *Port of Tauranga Group* adheres to a credit policy that requires that each new customer to be analysed individually for credit worthiness before the *Port of Tauranga Group's* standard payment terms and conditions are offered. Customer payment performance is constantly monitored with customers not meeting creditworthiness being required to transact with the *Port of Tauranga Group* on cash terms. The *Port of Tauranga Group* generally does not require collateral.

The nature of the *Port of Tauranga Group's* business means that the top ten customers account for 49.6% of total *Port of Tauranga Group* revenue (2014: 49.0%). The *Port of Tauranga Group* are satisfied with the credit quality of these debtors and does not anticipate any non performance.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored. The *Port of Tauranga Group's* committed bank facilities are required to be always maintained at a minimum of 10% above maximum forecast usage.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Group's banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least six months prior to each facility's expiry.

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

Group 2014/15	Balance sheet $000	Contractual cash flows $000	6 Months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than five years $000
Non derivative financial liabilities							
Borrowings	554,747	400,095	185,476	4,972	61,772	69,281	78,594
Deferred consideration	500	529	25	504	-	-	-
Trade and other payables	30,533	30,533	30,533	-	-	-	-
	585,780	431,157	216,034	5,476	61,772	69,281	78,594
Derivatives							
Interest rate derivatives							
- Outflow	9,361	10,509	1,746	1,739	2,941	3,501	582
Forward exchange contracts							
- Inflow	-	-	-	-	-	-	-
Foreign currency derivatives							
- Outflow	-	15,771	5,801	6,621	3,349	-	-
- Inflow	(1,346)	(17,149)	(6,300)	(7,209)	(3,640)	-	-
	8,015	9,131	1,247	1,151	2,650	3,501	582
Total	**593,795**	**440,288**	**217,281**	**6,627**	**64,422**	**72,782**	**79,176**

Council 2014/15	Balance sheet $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than five years $000
Non derivative financial liabilities							
Borrowings	-	-	-	-	-	-	-
Trade and other payables	9,528	9,528	9,528	-	-	-	-
	9,528	9,528	9,528	-	-	-	-
Derivatives							
Interest rate derivatives							
-Outflow	-	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	**9,528**	**9,528**	**9,528**	**-**	**-**	**-**	**-**

Group 2013/14	Balance sheet $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than five years $000
Non derivative financial liabilities							
Borrowings	511,216	345,913	164,930	4,622	113,491	11,218	51,652
Deferred consideration	500	579	25	25	529	-	-
Trade and other payables	32,153	32,153	32,105	-	48	-	-
	543,869	378,645	197,060	4,647	114,068	11,218	51,652
Derivatives							
Interest rate derivatives							
-Outflow	3,400	3,888	1,613	1,150	1,330	203	(408)
-Inflow	-	-	-	-	-	-	-
Foreign currency derivatives							
- Outflow	1,149	20,285	14,179	6,106	-	-	-
- Inflow	(52)	(19,170)	(13,496)	(5,674)	-	-	-
	4,497	5,003	2,296	1,582	1,330	203	(408)
Total	**548,366**	**383,648**	**199,356**	**6,229**	**115,398**	**11,421**	**51,244**

Council 2013/14	Balance sheet $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than five years $000
Non derivative financial liabilities							
Borrowings	-	-	-	-	-	-	-
Trade and other payables	11,959	11,959	11,959	-	-	-	-
	11,959	11,959	11,959	-	-	-	-
Derivatives							
Interest rate derivatives inflow							
-Outflow	-	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	**11,959**	**11,959**	**11,959**	**-**	**-**	**-**	**-**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The *Quayside Group* is exposed to equity securities price risk because of investments held by the Group. This risk is managed through diversification of the portfolio.

The *Port of Tauranga Group* uses derivative financial instruments such as interest rate swaps and foreign currency options to hedge certain risk exposures. All derivative transactions are carried out within the guidelines set out in the *Port of Tauranga Group's* Treasury Policy which have been approved by the Board of Directors. Generally the *Port of Tauranga Group* seeks to apply hedge accounting in order to manage volatility in the income statement.

Interest Rate Risk

Interest rate risk is the risk of financial loss, or impairment to cash flows in current or future periods, due to adverse movements in interest rates on borrowings or investments. The *Port of Tauranga Group* uses interest rate derivatives to manage its exposure to variable interest rate risk by converting variable rate debt to fixed rate debt.

Quayside Group has deposits and borrowings that are subject to movements in interest rates.

At reporting date, the interest rate profile of the Group's interest-bearing financial assets/ (liabilities) were:

Carrying amount	**Council 2014/15** $000	**Council 2013/14** $000	**Group 2014/15** $000	**Group 2013/14** $000
Fixed rate instruments				
Term Deposits	28,800	-	28,800	1,300
Bonds and fixed rate notes	151,547	150,275	151,547	150,275
Finance lease receivables	-	-	-	1,857
Fixed Rate Bond	-	-	(125,000)	(50,000)
Finance lease payables	-	-	-	(1,031)
Deferred consideration	-	-	(500)	(500)
Interest rate derivatives (net)	-	-	(9,361)	(3,400)
Total	**180,347**	**150,275**	**45,486**	**98,501**
Variable rate instruments				
Commercial papers	-	-	(180,000)	(160,000)
Standby revolving cash advance facility	-	-	-	(45,000)
ANZ borrowings	-	-	(54,500)	(60,000)
Floating rate notes	-	-	-	-
Cash balances	10,615	50,710	43,092	78,238
Total	**10,615**	**50,710**	**(191,408)**	**(186,762)**

Sensitivity analysis - subsidiary

If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/ (decrease) post tax profit or loss and the hedging reserve by the amounts shown below. The analysis is performed on the same basis as 2014.

Subsidiary	Profit or Loss 100 bp decrease $000	Profit or Loss 100 bp increase $000	Cash Flow Hedge Reserve 100 bp decrease $000	Cash Flow Hedge Reserve 100 bp increase $000
Variable rate instruments	(1,422)	1,445	-	-
Interest rate swaps	1,360	(1,111)	5,161	(6,064)
30 June 2015	(62)	334	5,161	(6,064)
Variable rate instruments	(1,800)	1,800	-	-
Interest rate swaps	2,184	(1,629)	4,054	(4,886)
30 June 2014	384	171	4,054	(4,886)

Currency risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates.

The Group held the following foreign equities at balance date:

	Group 2014/15 $000	Group 2013/14 $000
Equities - AUD	22,944	17,703
Equities - USD	37,997	10,447
	60,941	**28,150**

Port of Tauranga Group

The *Port of Tauranga Group* does not have any material exposure to currency risk except for the one-off purchases of assets (e.g. plant and machinery) denominated in foreign currencies. It is *Port of Tauranga Group* policy that foreign exchange exposures on imported goods must be hedged by way of foreign exchange forward contracts or options to a minimum of 50% at the time the exposure is known with certainty on all transactions in excess of NZD $0.2 million

At 30 June 2015, the *Port of Tauranga Group* had entered into forward contracts to purchase EUR 10.141 million (2014: USD 12.462 million) for capital commitments. In the prior year the *Port of Tauranga Group* had also entered in to a foreign currency option to purchase EUR 3.0 million for capital commitments.

Sensitivity Analysis

If at reporting date, a 10% strengthening/weakening of the above currencies against the New Zealand dollar occurred with all other variables held constant, it would increase/(decrease) post tax profit or loss and the cash flow hedges reserve by the amounts shown below. The analysis is performed in the same basis for 2014.

Subsidiary	Profit or loss 10% increase $000	Profit or loss 10% decrease $000	Reserves 10% increase $000	Reserves 10% decrease $000
Foreign currency forward exchange contracts	-	-	(1,123)	1,380
Equities - AUD	2,294	(2,294)	-	-
Equities - USD	3,800	(3,800)	-	-
30 June 2015	6,094	(6,094)	(1,123)	1,380
Foreign currency forward exchange contracts	-	-	(943)	1,156
Equities - AUD	1,770	(1,770)	-	-
Equities - USD	1,045	(1,045)	-	-
30 June 2014	2,815	(2,815)	(943)	1,156

Commodity price risk

The Council and Quayside Group have no exposure to commodity price risk.

Port of Tauranga Group

The *Port of Tauranga Group* manages commodity price risks through the use of negotiated supply contracts and commodity derivatives. The negotiated supply contracts are for the purpose of receipt in accordance with the *Port of Tauranga Group's* expected usage requirements only and are not accounted for as financial instruments.

The *Port of Tauranga Group* uses commodity derivatives and fuel swap agreements, to reduce the impact of price changes on fuel costs in accordance with *Port of Tauranga Group* policy. Up to 75% of the next twelve months' operating fuel costs may be hedged via commodity derivatives. At 30 June 2015, the *Port of Tauranga Group* had no commodity derivative contracts outstanding (2014: nil).

Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet either as available for sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group's Statement of Investment Policy Objectives.

The Group's investments are in both listed and unlisted equities. Equities by nature are subject to volatility. The Group holds equities in a number of markets.

Sensitivity Analysis

The table below summarises the impact of increases/decreases in the three equity indexes on the Group's post-tax profit for the year and on other components of equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Subsidiary	Profit or loss		Reserves	
	10% increase	10% decrease	10% increase	10% decrease
	$000	$000	$000	$000
Equities - NZD	5,215	(5,215)	-	-
Equities - AUD	2,294	(2,294)	-	-
Equities - USD	3,800	(3,800)	-	-
30 June 2015	**11,309**	**(11,309)**	-	-
Equities - NZD	4,837	(4,837)	-	-
Equities - AUD	1,770	(1,770)	-	-
Equities - USD	1,045	(1,045)	-	-
30 June 2014	**7,652**	**(7,652)**	-	-

The Group is also exposed to other price risk arising from the variability of kiwifruit prices which impact on the valuation of the Group's income and receivables. The Parent has no exposure to this price risk. The Group's Kiwifruit income and related receivable at year-end are based on forecast revenue per tray, made at the beginning of the season.

Sensitivity Analysis

At 30 June 2015, if the forecast revenue per tray had been 10% higher/lower with all other variables held constant, the Group's post tax profit for the year would increase/decrease by $192,345 (2014: $244,238).

41 Capital management

Council

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of using the Council's assets and not expecting them to meet the full cost of long-term assets, that will benefit ratepayers in future generations. Additionally, the Council has in place, Asset Management Plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Bay of Plenty Regional Council has the following Council created reserves:

- reserves for different areas of benefit; and
- self-insurance reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. Release of these funds generally can only be approved by Council.

Quayside Group

The Group's capital is its equity, which comprises paid up capital, retaining earnings and reserves. Equity is represented by net assets less non controlling interest.

The *Quayside Group's* objectives when managing capital are to safeguard the *Quayside Group's* ability to continue as a going concern in order to provide a long-run risk-adjusted commercial rate of return to the holder of the ordinary shares and to provide fixed dividends to the holders of issued Perpetual Preference shares. Capital is structured to minimise the cost of capital.

The *Quayside Group's* Statement of Intent requires that it retain a majority shareholding in the Port of Tauranga Limited, currently 54.14%; complementing that, the policy of the Board is to provide the best possible management of all other investments by diversifying across sectors away from the port/transport sector, both within Australasia and internationally. To provide for a growing and sustainable flow of dividends to the ordinary shareholder, the *Quayside Group* has adopted a distribution policy which will ensure that dividends are maintained with regard to retentions for regional growth and inflation, and can be maintained through periods of income fluctuation.

The *Quayside Group* is required to comply with certain financial covenants in respect of external borrowings, namely security over shares in Port of Tauranga Limited owned by Quayside Securities Limited as trustee for the Quayside Unit Trust.

There have been no changes in the *Quayside Group's* approach to capital management during the year. Quayside Holdings Limited has complied with all capital management policies and covenants during the reporting period.

Port of Tauranga Group

The Board's policy is to maintain a strong capital base, which the *Port of Tauranga Group* defines as total shareholders' equity, so as to maintain investor, creditor and market confidence, and to sustain the future business development of the *Port of Tauranga Group*. The Board endeavours to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The *Port of Tauranga Group* has established policies in capital management, including the specific requirements that interest cover is to be maintained at a minimum of three times and that the debt/(debt + equity) ratio is to be maintained at a 40% maximum. It is also *Port of Tauranga Group* policy that the dividend payout is maintained between a level of between 70% and 100% of profit for the period.

The *Port of Tauranga Group* are required to comply with certain financial covenants in respect of external borrowings namely that: interest cover is to be maintained at a minimum of 2.5 times; shareholders' funds as a percentage of total tangible assets must exceed 45% at all times; and total tangible assets and earnings before interest and taxes (EBIT) must at all times exceed 85% of total tangible assets and EBIT respectively for the *Port of Tauranga Group*.

There have been no changes in the *Port of Tauranga Group's* approach to capital management during the year.

The Port of Tauranga Limited has complied with all capital management policies and covenants during the reporting period.

42 Employee share ownership plan

The Port of Tauranga Limited has an Employee Share Ownership Plan (ESOP), in terms of section DC12 of the Income Tax Act 2007. At the reporting date the ESOP held 0.03% of the Port of Tauranga Limited's share capital in ordinary shares (2014: 0.03%).

To finance the plan the ESOP borrows from the Port of Tauranga Limited interest free, repayable over three years. The ESOP has no external funding. The ESOP has a non beneficial interest in all shares allocated to employees, and a beneficial interest in shares which have not been allocated.

Neither the Port of Tauranga Limited nor its related parties have rights to acquire shares held by the plan. Employees of the Port of Tauranga Limited are able to subscribe for shares up to a value of $2,340 once every three years. The value of shares issued is set at 90% of the average market price of the share on the day of issue.

At reporting date the Port of Tauranga Limited held 47,470 shares under the ESOP (2014: 44,650 shares), and of these 44,240 (2014: 43,300 shares) were allocated to employees and have been paid up to $0.361 million (2014: $0.300 million), and $0.223 million (2014: $0.144 million) remains to be paid. This is to be repaid over a three year term. No shares are subject to options.

The Trustees of the ESOP are appointed by the Directors of the Port of Tauranga Limited.

The shares held by the ESOP carry the same voting rights as other issued ordinary shares. Voting rights attaching to the shares held by Trustees are to be exercised by the Trustees at their discretion in the case of a vote on a poll, or on any particular resolution.

43 Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in the 2014/15 Annual Plan are as follows:

Statement of comprehensive revenue and expense

Operating revenue

Operating revenue is $1.74 million less than budget. This is mainly made up of:

- Subsidies and grant revenue - $3.05 million less than budget. We did not receive funding from the Ministry for the Environment for Rotorua Lakes Deed work of $1.43 million as planned in 2014/15, due to rescheduled project dates for land incentives and Tikitere de-nitrification. Also, delays in the consent process for the Kopeopeo Canal projects meant that $0.67 million of funding was not received as planned.
- Trading and other revenue - $1.3 million more than budget. This was mainly due to increased landowner contributions for land management projects, increased consent application fees and increased Rivers and Drainage operating revenue.

Operating expenditure

Operating expenditure is $5.9 million less than budget. This mainly relates to:

- Trading and other expenses were $9.1 million less than budget. Regional Infrastructure funds were not released and expenditure on Rotorua Lakes land use change did not occur.

Please refer to the activity section of the annual report for more details on our financial performance.

Statement of financial position

Assets

Assets were $2.34 million more than budget. Higher cash and other current financial assets were partly offset by lower non-current other financial assets. Lower capital expenditure has meant that property, plant and equipment are less than budget.

Liabilities

Liabilities were $536,000 more than budget at year end mainly due to increased employee benefit liabilities.

44 Put option

The Perpetual Preference Share issue has a Put Option; the purpose of the Put Option is to reduce the credit risk of the Perpetual Preference Share to holders. The Option Deed relating to the Perpetual Preference Shares dated 31 January 2008, outlines the Put Option trigger events, these are:

- Quayside Holdings Limited fails (for whatever reason) to pay the cash component of a dividend payable on a Dividend Payment Date within five business days after the payment date: or
- Quayside Holdings Limited elects not to pay a dividend payable on a dividend payment date.
- Quayside Holdings Limited ceases to carry on business or operations; or
- An encumbrancer takes possession, or a trustee, receiver and manager, liquidator, administrator, inspector under any companies or securities legislation; or
- A recommendation by the Securities Commission is made to appoint a Statutory Manager; or
- Quayside Holdings Limited is declared or becomes insolvent.

While the Council would take steps to prevent the Put Option being exercised, the Council has no binding obligation to intervene. For this reason the valuation of the Put Option is based on Quayside Holdings Limited as a stand-alone entity.

A significant factor in the valuation of the Put Option is Quayside Holdings Limited's substantial degree of reliance on the dividends received from its shareholding in the Port of Tauranga (POT), to fully meet the Perpetual Preference Share dividend payments. Whilst there is currently no apparent reason to believe that Quayside Holdings Limited will not receive dividends from the POT in the future, adverse business, financial or economic conditions may impair the ability and willingness of the POT to pay future dividends.

The valuation of the Put Option as at 30 June 2015 was carried out by PricewaterhouseCoopers (PwC), Wellington on 31 August 2015. PwC has assigned Quayside Holdings Limited a credit rating of BB- based on their analysis of the Perpetual Preference Share obligations and Quayside Holdings Limited's historical earnings for the Perpetual Preference Share.

Based on the above factors, PwC has given the Council an indicative range of $33 million to $39 million for the Put Option. The Council has therefore kept the provision at $39 million for the year ended 30 June 2015. The Put Option valuation movement has been recorded in the Council's statement of comprehensive revenue and expense, and statement of financial position and is eliminated on consolidation.

Sensitivity of the indicative valuation to the notional credit rating for QHL:

	Rating score	BB	BB-	B+
	Income statement	$22 million	$3 million	$(6) million
Credit rating	Balance sheet	$17 million	$36 million	$45 million

Sensitivity of the indicative valuation to the credit recovery rate for QHL:

	Rating score	30.0%	24.2%	17.1%
	Income statement	$6 million	$3 million	$0 million
Credit recovery rate	Balance sheet	$33 million	$36 million	$39 million

45 Funding impact statements

Council funding impact statement

Annual Plan 2013/14 $000	Actual 2013/14 $000		Annual Plan 2014/15 $000	Actual 2014/15 $000
		Sources of operating funding		
16,259	16,545	General rates, uniform annual general charges, rates penalties	16,747	17,450
14,662	14,548	Targeted rates (other than a targeted rate for water supply)	14,904	14,638
11,593	7,763	Subsidies and grants for operating purposes	11,217	9,645
7,060	8,806	Fees,charges and targeted rates for water supply	7,677	9,245
26,897	25,994	Interest and dividends from investments	27,457	26,537
2,888	4,720	Local authorities fuel tax, fines, infringement fees and other receipts	3,859	3,607
79,359	**78,376**	**Total operating funding**	**81,861**	**81,122**
		Applications of operating funding		
82,842	80,027	Payments to staff and suppliers	85,263	78,913
-	34	Finance costs	-	-
107	22	Other operating funding applications	55	9
82,949	**80,083**	**Total applications of operating funding**	**85,318**	**78,922**
(3,590)	**(1,707)**	**Surplus (deficit) of operating funding**	**(3,457)**	**2,200**
		Sources of capital funding		
627	627	Subsidies and grants for capital expenditure	1,523	50
-	-	Development and financial contributions	-	-
-	891	Increase (decrease) in debt	-	190
321	346	Gross proceeds from sale of assets	315	217
-	-	Lump sum contributions	-	-
948	**1,864**	**Total sources of capital funding**	**1,838**	**457**

Annual Plan 2013/14 $000	Actual 2013/14 $000	**Applications of capital funding**	Annual Plan 2014/15 $000	Actual 2014/15 $000
		Capital expenditure		
-	-	- to meet additional demand	-	-
18,936	8,643	- to improve the level of service	13,450	5,226
4,857	3,750	- to replace existing assets	3,509	4,916
(26,814)	(12,986)	Increase (decrease) in reserves	(19,157)	(8,168)
379	750	Increase (decrease) of investments	579	683
(2,642)	**157**	**Total applications of capital funding**	**(1,619)**	**2,657**
3,590	**(1,707)**	**Surplus (deficit) of capital funding**	**3,457**	**(2,200)**
-	**-**	**Funding balance**	**-**	**-**
		Note: This financial statement excludes:		
5,977	5,468	Depreciation and amortisation	5,820	5,671
-	74	Loss on sale of property, plant and equipment	-	10
-	-	Capital expenditure classified as vested assets	-	-
-	(533)	Investment amortisation	-	(390)
-	274	Fair value of cashflow hedges	-	-
-	(164)	Gain on sale of property, plant and equipment	-	(85)
-	-	Fair value of receivables	-	628

Regional Leadership group of activities funding impact statement

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of operating funding		
6,856	General rates, uniform annual general charges, rates penalties	7,089	6,503
-	Targeted rates (other than a targeted rate for water supply)	-	-
454	Subsidies and grants for operating purposes	468	740
-	Fees,charges and targeted rates for water supply	-	6
10,614	Internal charges and overheads recovered	10,985	11,817
12,646	Local authorities fuel tax, fines, infringement fees and other receipts	13,032	11,317
30,569	**Total operating funding**	**31,573**	**30,383**
	Applications of operating funding		
13,036	Payments to staff and suppliers	13,138	13,975
-	Finance costs	-	-
17,773	Internal charges and overheads applied	18,509	17,601
-	Other operating funding applications	-	-
30,809	**Total applications of operating funding**	**31,647**	**31,576**
(240)	**Surplus (deficit) of operating funding**	**(74)**	**(1,193)**

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of capital funding		
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	**Total sources of capital funding**	**-**	**-**
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
-	- to improve levels of service	-	-
11	- to replace existing assets	11	6
(251)	Increase (decrease) in reserves	(85)	(1,199)
-	Increase (decrease) in investments	-	-
(240)	**Total applications of capital funding**	**(74)**	**(1,193)**
240	**Surplus (deficit) of capital funding**	**74**	**1,193**
-	**Funding balance**	**-**	**-**
	Note 1: This financial statement excludes:		
35	Depreciation and amortisation	37	23

Natural Environment group of activities funding impact statement

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of operating funding		
7,425	General rates, uniform annual general charges, rates penalties	8,042	7,606
3,305	Targeted rates (other than a targeted rate for water supply)	4,084	2,958
3,039	Subsidies and grants for operating purposes	3,053	1,616
4,344	Fees,charges and targeted rates for water supply	4,483	6,339
12,278	Internal charges and overheads recovered	12,663	13,796
14,109	Local authorities fuel tax, fines, infringement fees and other receipts	15,121	14,467
44,500	**Total operating funding**	**47,445**	**46,782**
	Applications of operating funding		
24,871	Payments to staff and suppliers	25,269	23,772
890	Finance costs	1,335	552
21,488	Internal charges and overheads applied	22,269	24,198
296	Other operating funding applications	362	9
47,545	**Total applications of operating funding**	**49,235**	**48,531**
(3,044)	**Surplus (deficit) of operating funding**	**(1,790)**	**(1,749)**

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of capital funding		
-	Subsidies and grants for capital expenditure	250	50
-	Development and financial contributions	-	-
2,192	Increase (decrease) in debt	1,975	190
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
2,192	**Total sources of capital funding**	**2,225**	**240**
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
2,030	- to improve levels of service	943	300
333	- to replace existing assets	277	948
(5,975)	Increase (decrease) in reserves	(3,545)	(3,441)
2,760	Increase (decrease) of investments	2,760	683
(852)	**Total applications of capital funding**	**435**	**(1,509)**
3,044	**Surplus (deficit) of capital funding**	**1,790**	**(1,749)**
-	**Funding balance**	**-**	**-**
	Note 1: This financial statement excludes:		
849	Depreciation and amortisation	908	914
	Note 2: This financial statement includes:		
890	Internal interest	1,335	552

Sustainable Development and Infrastructure group of activities funding impact statement

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of operating funding		
1,360	General rates, uniform annual general charges, rates penalties	1,647	1,466
3,552	Targeted rates (other than a targeted rate for water supply)	4,546	3,575
6,007	Subsidies and grants for operating purposes	6,265	7,096
2,783	Fees,charges and targeted rates for water supply	3,978	2,608
1,538	Internal charges and overheads recovered	1,554	914
3,073	Local authorities fuel tax, fines, infringement fees and other receipts	3,596	3,487
18,313	**Total operating funding**	**21,587**	**19,146**
	Applications of operating funding		
22,488	Payments to staff and suppliers	23,371	17,879
-	Finance costs	-	-
1,901	Internal charges and overheads applied	1,976	1,733
-	Other operating funding applications	-	-
24,389	**Total applications of operating funding**	**25,347**	**19,612**
(6,076)	**Surplus (deficit) of operating funding**	**(3,760)**	**(466)**

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of capital funding		
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	**Total sources of capital funding**	**-**	**-**
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
590	- to improve levels of service	-	-
268	- to replace existing assets	554	51
(6,934)	Increase (decrease) in reserves	(4,314)	(517)
-	Increase (decrease) of investments	-	-
(6,076)	**Total applications of capital funding**	**(3,760)**	**(466)**
6,076	**Surplus (deficit) of capital funding**	**3,760**	**466**
-	**Funding balance**	**-**	**-**
	Note 1: This financial statement excludes:		
160	Depreciation and amortisation	250	31

Flood Protection and Control Works group of activities funding impact statement

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of operating funding		
1,397	General rates, uniform annual general charges, rates penalties	1,549	1,355
8,672	Targeted rates (other than a targeted rate for water supply)	9,575	8,463
-	Subsidies and grants for operating purposes	-	193
118	Fees,charges and targeted rates for water supply	122	246
5,439	Internal charges and overheads recovered	5,581	4,361
2,704	Local authorities fuel tax, fines, infringement fees and other receipts	3,031	2,684
18,329	**Total operating funding**	**19,857**	**17,302**
	Applications of operating funding		
6,388	Payments to staff and suppliers	6,027	6,250
1,403	Finance costs	1,997	1,317
8,377	Internal charges and overheads applied	8,728	6,976
-	Other operating funding applications	-	-
16,168	**Total applications of operating funding**	**16,753**	**14,543**
2,161	**Surplus (deficit) of operating funding**	**3,104**	**2,759**

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of capital funding		
627	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
627	**Total sources of capital funding**	**-**	**-**
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
7,166	- to improve levels of service	4,029	3,755
1,117	- to replace existing assets	2,607	155
(5,495)	Increase (decrease) in reserves	(3,531)	(1,151)
-	Increase (decrease) of investments	-	-
2,788	**Total applications of capital funding**	**3,104**	**2,759**
(2,161)	**Surplus (deficit) of capital funding**	**(3,104)**	**(2,759)**
-	**Funding balance**	**-**	**-**
	Note 1: This financial statement excludes:		
1,199	Depreciation and amortisation	1,248	992
	Note 2: This financial statement includes:		
1,403	Internal interest	1,997	1,317

Corporate Services group of activities funding impact statement

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of operating funding		
(144)	General rates, uniform annual general charges, rates penalties	(157)	520
-	Targeted rates (other than a targeted rate for water supply)	-	(358)
-	Subsidies and grants for operating purposes	-	-
-	Fees,charges and targeted rates for water supply	-	46
32,495	Internal charges and overheads recovered - system	33,828	36,834
998	Local authorities fuel tax, fines, infringement fees and other receipts	1,039	138
33,349	**Total operating funding**	**34,710**	**37,180**
	Applications of operating funding		
17,598	Payments to staff and suppliers	18,147	17,730
139	Finance costs	169	80
11,471	Internal charges and overheads applied - system	11,840	16,523
-	Other operating funding applications	-	-
29,209	**Total applications of operating funding**	**30,156**	**34,333**
4,140	**Surplus (deficit) of operating funding**	**4,553**	**2,847**

LTP 2013/14 $000		LTP 2014/15 $000	Actual 2014/15 $000
	Sources of capital funding		
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase (decrease) in debt	-	-
329	Gross proceeds from sale of assets	592	217
-	Lump sum contributions	-	-
329	**Total sources of capital funding**	**592**	**217**
	Applications of capital funding		
	Capital expenditure		
-	- to meet additional demand	-	-
2,008	- to improve levels of service	1,705	2,317
3,165	- to replace existing assets	3,990	2,610
(703)	Increase (decrease) in reserves	(550)	(1,862)
-	Increase (decrease) of investments	-	-
4,469	**Total applications of capital funding**	**5,145**	**3,064**
(4,141)	**Surplus (deficit) of capital funding**	**(4,553)**	**(2,847)**
-	**Funding balance**	**-**	**-**
	Note 1: This financial statement excludes:		
4,140	Depreciation and amortisation	4,553	3,711
-	Loss on sale of property, plant and equipment	-	10
-	Investment amortisation	-	(390)
-	Gain on sale of property, plant and equipment	-	(85)
-	Fair value of receivables	-	628
	Note 2: This financial statement includes:		
139	Internal interest	169	80

46 Internal loans

Council

Group of Activities	Opening Balance 01 July 2014	Loan Advances	Loan Repayments	Closing Balance 30 June 2015	Interest Charges
Natural Environment Group of Activities					
Rotorua Air Activity - Clean Heat	4,350	683	(493)	4,540	187
Rotorua Lakes	8,922	667	(639)	8,951	365
	13,272	1,350	(1,132)	13,490	552
Flood Protection and Control Works Group of Activities					
Kaituna Catchment Control Scheme	4,030	60	(180)	3,910	153
Rangitaki - Tarawera Rivers Scheme	17,718	2,671	(929)	19,459	700
Whakatāne - Tauranga Rivers Scheme	7,579	124	(463)	7,240	287
Waioeka - Otara Rivers Scheme	4,328	0	(221)	4,107	163
Ragitakik Drainage Scheme	363	753	(15)	1,101	14
Engineering	0	1,024	-	1,024	0
	34,017	4,632	(1,808)	36,841	1,317
Corporate Services Group of Activities					
Buildings & Information Technology Group	2,106	499	(359)	2,246	80
	2,106	499	(359)	2,246	80
Total	**49,395**	**6,481**	**(3,298)**	**52,578**	**1,949**

47 Depreciation and amortisation expense by Group of Activity

	Council 2014/15 $000	Council 2013/14 $000
Directly attributable depreciation and amortisation expense by group of activity:		
Regional Leadership	23	34
Natural Environment	913	536
Sustainable Development and Infrastructure	31	59
Flood Protection and Control Works	992	982
Corporate Services	3,711	3,855
Total depreciation and amortisation	5,670	5,468

48 Disposal of subsidiary companies' operations and investments in equity accounted investees

Formation of the Coda Group

On 1 May 2015, Port of Tauranga Limited formed a 50:50 joint venture named the Coda Group Limited Partnership (“Coda Group”) with freight and logistics management company Kotahi Limited Partnership (“Kotahi”). The joint venture is designed to create leaner, more efficient pathways to and from distribution centres and key New Zealand ports. The Coda Group comprises two operating subsidiaries, Coda Services Limited Partnership (Coda Services) and Coda Operations Limited Partnership (Coda Operations).

In consideration for a 50% partnership interest, the *Port of Tauranga Group* contributed cash and the operations of the Transport Services Segment (Tapper Transport Limited, Tapper SIP Limited and MetroPack Limited), and its 37.5% stake in empty container repair and storage business, MetroBox Limited, to Coda Operations.

In consideration for its 50% partnership interest in the joint venture, Kotahi contributed the operations of its land based logistics business, Dairy Transport Logistics Limited, to Coda Services.

The following table summarises the *Port of Tauranga Group's* investment in Coda Group:

Investment in Coda Group	**2015** $000
Cash consideration	2,500
Fair value of the Transport Service Segment net assets contributed	37,000
Fair value of MetroBox Limited shares and intercompany loan assets contributed	3,000
50% of the loss on disposal of investment in MetroBox Limited	310
Professional fees and due diligence expenses	475
Total cost of investment in Coda Group	**43,285**
50% share of the fair value of identifiable assets of the Coda Group	(11,788)
Total Goodwill	**31,497**

Disposal of the Transport Services Segment Business

On 1 May 2015, the *Port of Tauranga Group* sold its Transport Services Segment operations as part of the Coda Group transaction. All operational assets and liabilities, as well as staff employed by Tapper Transport Limited, Tapper SIP Limited and MetroPack Limited, were transferred to the Coda Group.

The following table summarises the consideration received, the carrying amount of the *Port of Tauranga Group's* net assets which have been derecognised and the gain on sale recognised by the *Port of Tauranga Group* as part of this transaction:

Disposal of the Transport Services Segment Business	**2015** $000
Fair value of net assets contributed to the Coda Group	37,000
Cash balances contributed to the Coda Group	(929)
Carrying value of non-monetary net assets contributed to the Coda Group	(17,445)
Transport Services Segment goodwill derecognised	(13,613)
Total fair value gain on disposal of business	**5,013**

Disposal of the Port of Tauranga Group's Investment in MetroBox Limited and Cubic Transport Services Limited

During the year the *Port of Tauranga Group* disposed of its investment in each of MetroBox Limited and Cubic Transport Services Limited. This has resulted in a combined loss on disposal of $1.445 million.

Partial Disposal of Port of Tauranga Group's Interest in Timaru Container Terminal

On 1 August 2014, the *Port of Tauranga Group* sold a 49.9% shareholding in Timaru Container Terminal Limited to Kotahi in exchange for a 10 year Container Volume Commitment Agreement.

The following table summarises the consideration received, the carrying amount of the former subsidiary's net assets which have been derecognised and the fair value of the *Port of Tauranga Group's* retained non controlling investment in Timaru Container Terminal Limited:

Sale of 49.9% shareholding in Timaru Container Terminal Limited	**2015** $000
Total condiseration received	-
Carring amount of the formaer susidiary's net assets	(269)
Fair value of retained non controlling interest	5,000
Total fair value gain recognised on sale of 49.9% shareholding in subsidiary	**4,731**

The *Port of Tauranga Group's* retained 50.1% non controlling interest in Timaru Container Terminal Limited has now been classified as an Equity Accounted Investee on the basis of voting rights.

49 Financial Prudence

Annual report disclosure statement for year ending 30 June 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The council meets the rates affordability benchmark if-

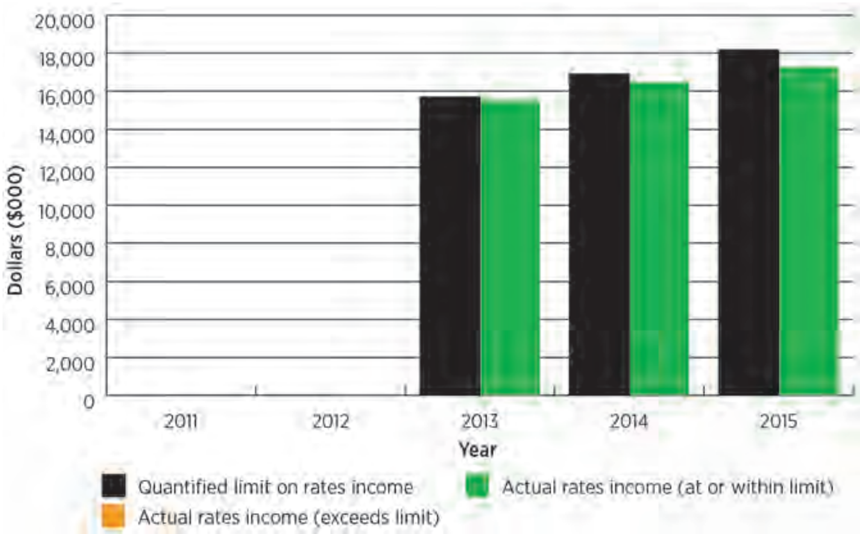
- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

Rates (income) affordability

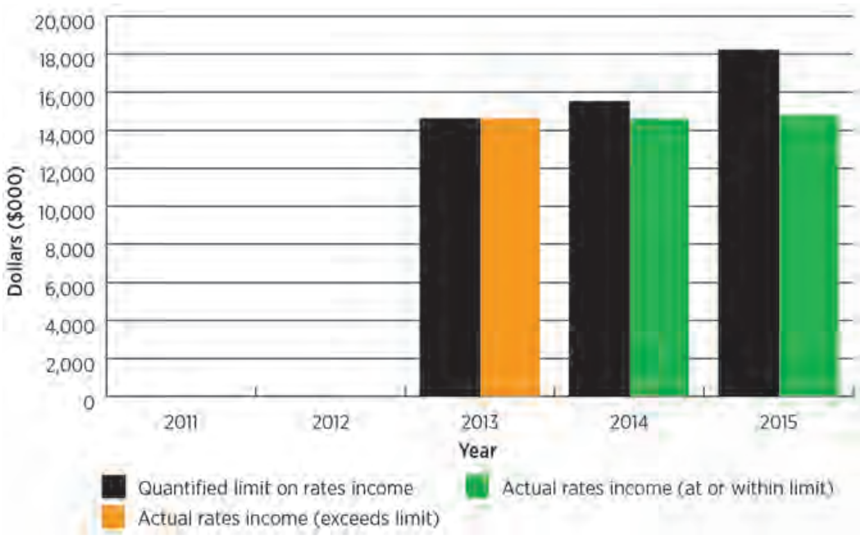
The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars. The quantified limits for rates are from long-term plan 2012-2022.

Quantified limit on rates	**2011** $000	**2012** $000	**2013** $000	**2014** $000	**2015** $000
General rates	-	-	15,710	16,895	18,169
Targeted rates	-	-	14,612	15,529	18,205
Planned rates	**-**	**-**	**30,322**	**32,424**	**36,374**

General rates



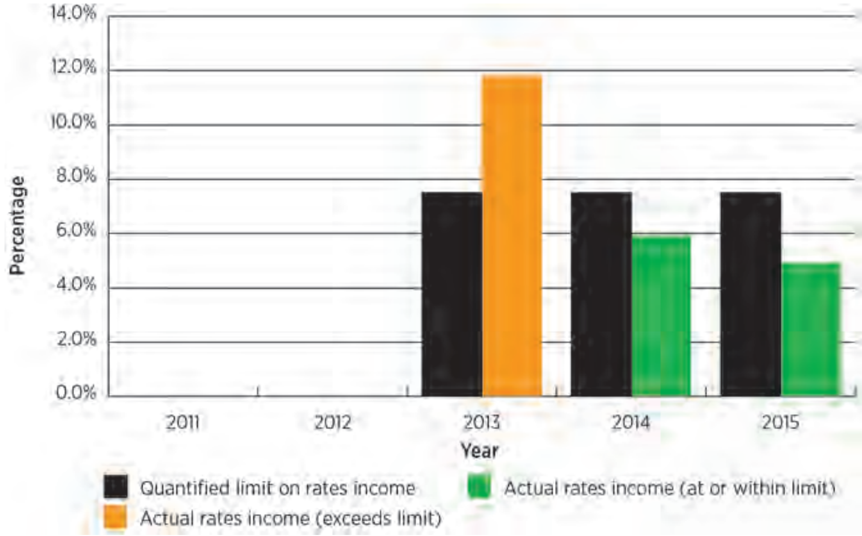
Targeted rates



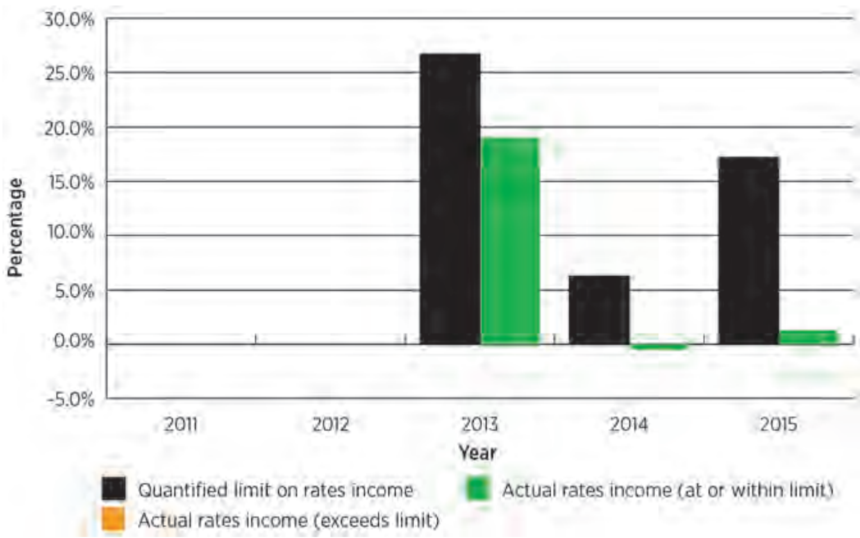
Rates (increases) affordability

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

General rates



Targeted rates



Debt affordability benchmark

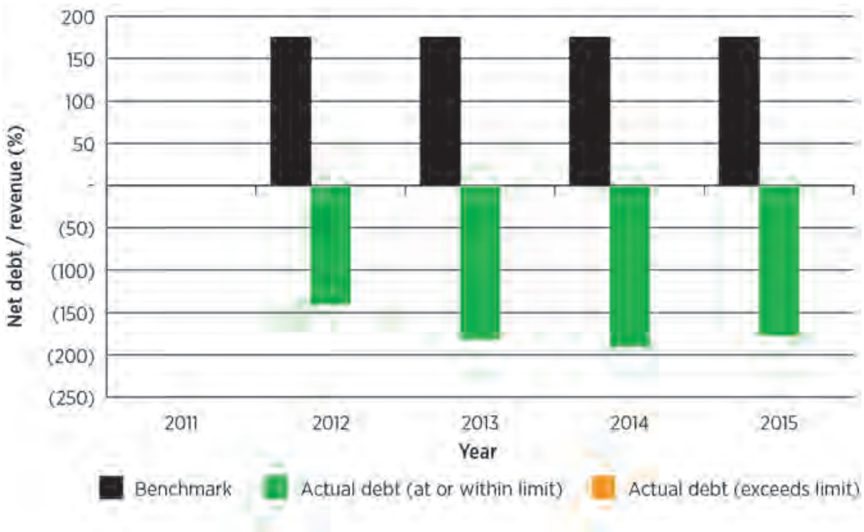
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP. The quantified limit is set for borrowing within the following macro limits:

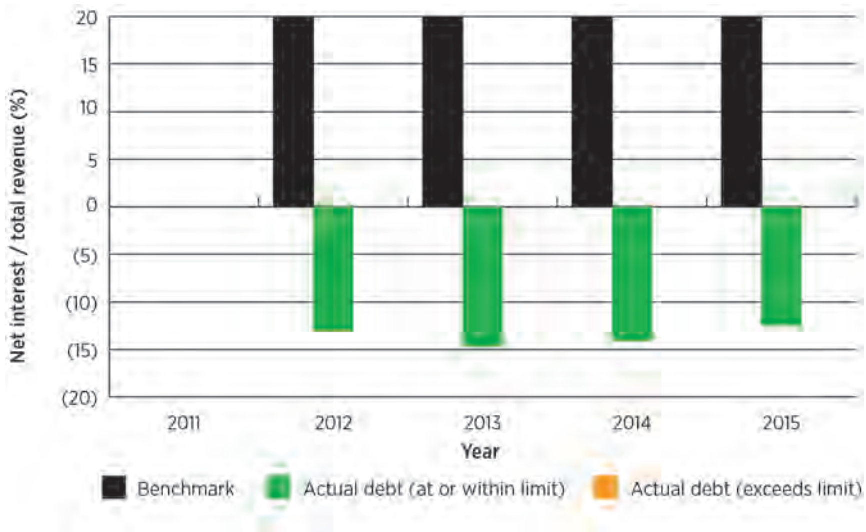
Financial covenant [1]	Limit
Net debt [2] / Total revenue [3]	<175%
Net interest / Total revenue	<20%
Net interest / Annual rates revenue	<25%
Liquidity [4]	>110%

1. *Financial covenants are measured on Council only, not the consolidated group.*
2. *Net debt is defined as total debt less liquid financial assets and investments.*
3. *Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. vested assets).*
4. *Liquidity is defined as external debt plus committed loan facilities plus liquid investments dividend by external debt.*

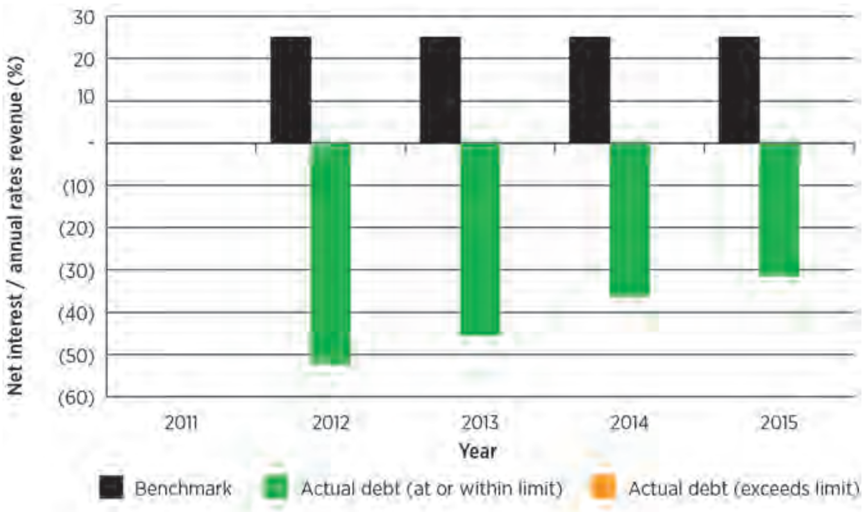
(Net debt / total revenue)



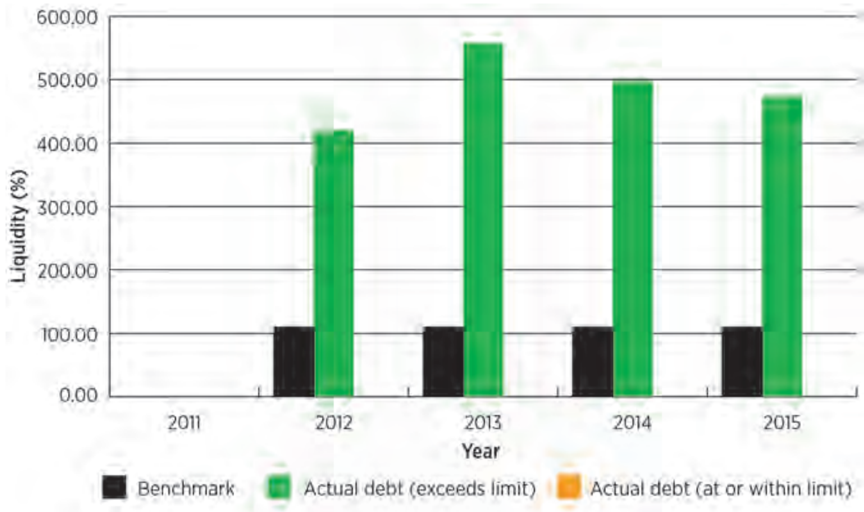
Net interest / total revenue



Net interest / annual rates revenue



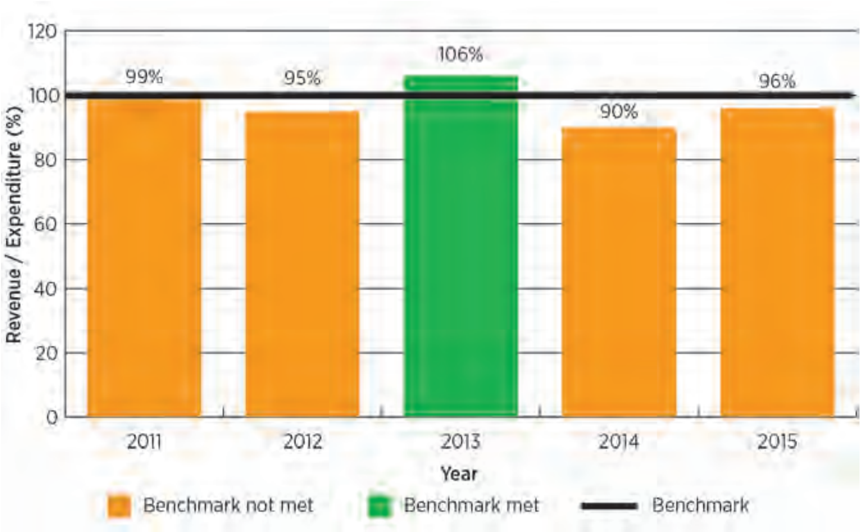
Liquidity



Balanced budget benchmark

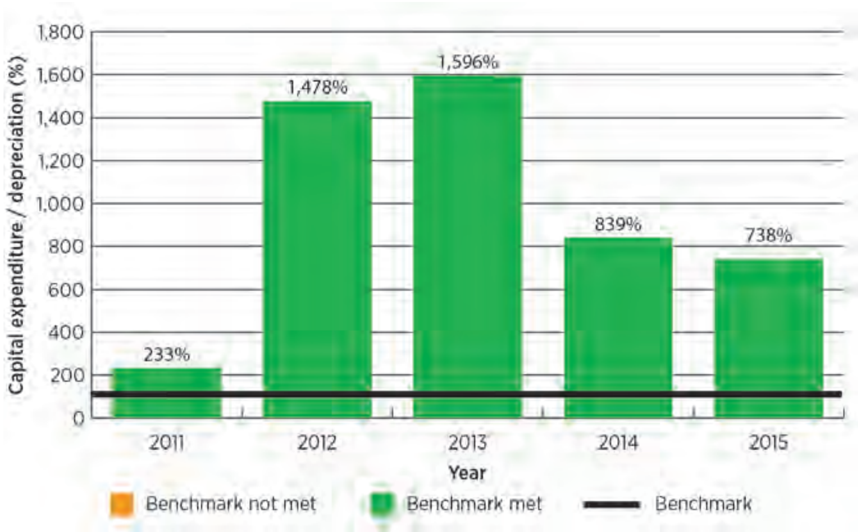
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

The Council meets this benchmark if revenue equals or is greater than its operating expenses.



Essential services benchmark

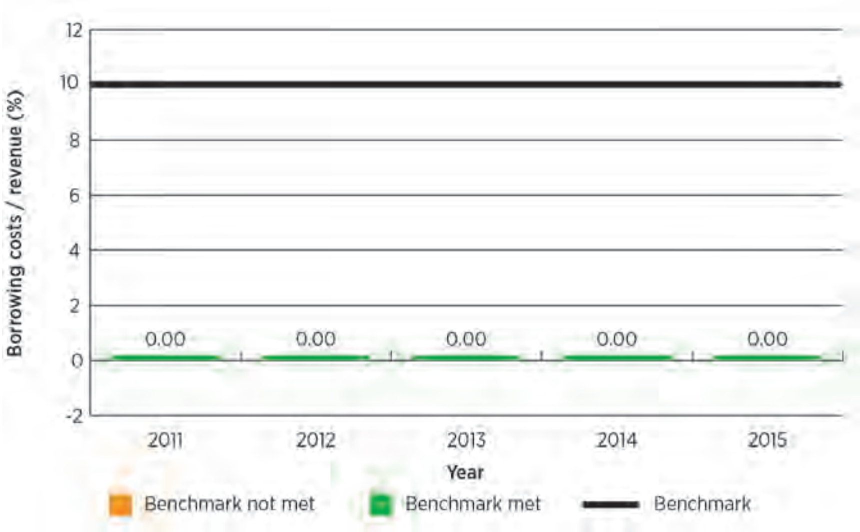
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals, or is greater than depreciation on network services.



Debt servicing benchmark

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

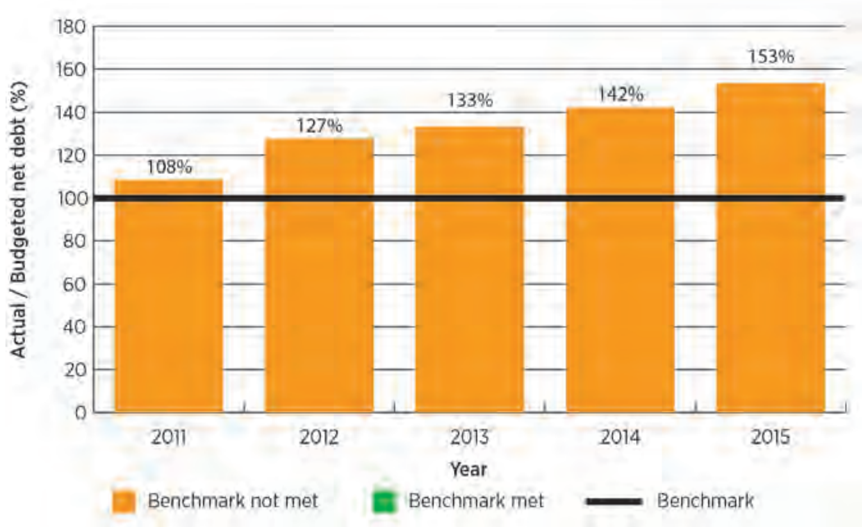
Because Statistics New Zealand projects the Council's population will grow *more slowly* than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 % of its revenue.



Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

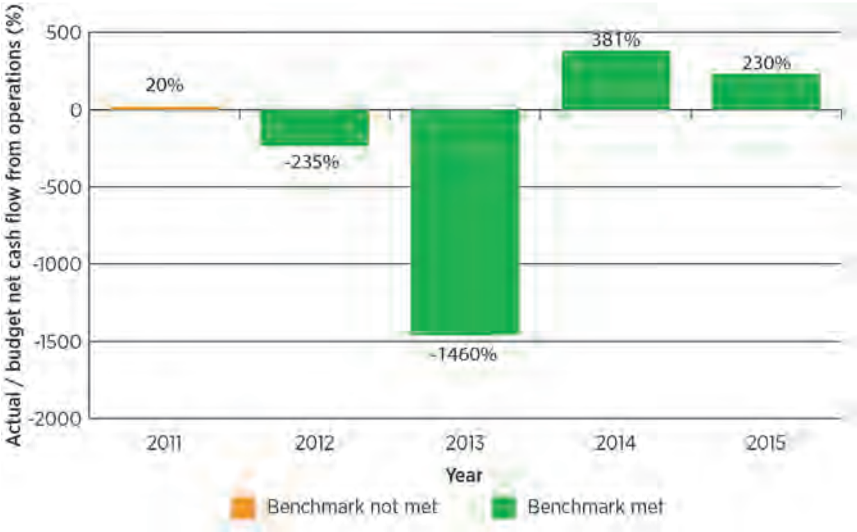
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



50 Revenue from non-exchange and exchange transactions

	Council 2014/15 $000	Council 2013/14 $000
Revenue from non-exchange transactions		
Rates revenue - excluding clean heat rates	31,604	30,772
Subsidies and grants	9,066	7,891
Fees and charges	1,446	1,943
Other revenue	25	23
	42,141	40,629
Revenue from exchange transactions		
Rates revenue - clean heat rates	482	320
Other grant revenue - contributions from Local Authorities	629	499
Rental revenue	1,175	1,185
Fees and charges	7,798	6,863
Dividend revenue	15,943	14,705
Interest revenue	10,984	11,821
Other revenue	2,406	3,512
Other gains	85	164
	39,503	39,068
Reconciliation to Statement of comprehensive revenue and expense	81,644	79,698

51 Receivables from non-exchange and exchange transactions

	Council 2014/15 $000	Council 2013/14 $000
Current:		
Receivables from non-exchange transactions		
Rates receivables - excluding clean heat rates	2,652	2,288
Subsidies and grants	3,983	1,357
Trade Debtors	-	-
Other receivables	2,183	2,912
Goods and Services Tax	1,055	2,026
Receivables from exchange transactions		
Rates receivables - clean heat rates	729	481
Trade Debtors	1,787	1,261
Other receivables	1,448	1,022
Reconciliation to Statement of financial position trade and other receivables - current	13,836	11,347
Non-current:		
Receivables from exchange transactions		
Rates receivables - clean heat rates	3,705	4,940
Reconciliation to Statement of financial position trade and other receivables (non-current)	17,541	16,287

52 Payables from non-exchange and exchange transactions

	Council 2014/15 $000	Council 2013/14 $000
Current:		
Payables from non-exchange transactions		
Income in advance	1,504	338
Payables from exchange transactions		
Income in advance	680	109
Trade payables	5,145	7,318
Accruals	2,200	4,194
Reconciliation to Statement of financial position trade and other payables - current	9,528	11,959
Non-current:	-	-
Reconciliation to Statement of financial position trade and other payables (non-current)	-	-

Who we are and what we do

Who we are and what we do

Bay of Plenty Regional Council

- We're the Regional Council for the Bay of Plenty.
- We look after the region's land, air, freshwater, coastal marine area, geothermal resources, passenger transport and regional development with a sustainable development focus.
- We have 14 Councillors, with 11 elected from general rolls and three from Māori constituency areas.
- We have offices in four locations – Whakatāne, Mount Maunganui, Tauranga and Rotorua.
- We have two depots – in Edgecumbe and Ōpōtiki.
- We employ about 336 staff.

What we do

Our work guides and supports the sustainable development of the Bay of Plenty. We want to make sure our region grows and develops in a way that keeps its values safe for future generations.

A major focus of our work involves looking after the environment. We manage the effects of people's use of freshwater, geothermal resources, land, air and coastal water. However, we also have a broader responsibility along with others for the economic, social and cultural well-being of the regional community.

Our other work includes:

- Managing the risks posed by our major rivers, including the region's major flood control schemes.
- Planning and prioritising the region's land transport needs, including major roading improvements.
- Organising passenger transport services, including Rotorua's Cityride, Tauranga's Bay Hopper and Schoolhopper services.
- Navigation and safety on our harbours and lakes.
- Supporting sustainable economic development.
- Strategic thinking for our region's future.

What guides us?

The three key pieces of Government legislation that set out what we do are:

- The Local Government Act 2002
- The Resource Management Act 1991
- Local Government Rating Act 2002

The Local Government Act 2002 sets out the purpose of Local Government in New Zealand. It gives us a framework and powers for us to decide which activities we do and how we do them, and makes us accountable to our communities.

It states that our overall purpose is to enable democratic local decision-making and action by, and on behalf of, communities. We must meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Some of our documents fall directly out of the Local Government Act 2002, including:

- Long Term Plans
- Annual Plans
- Annual Reports
- Code of Conduct for Elected Members

The Resource Management Act 1991 (usually called the RMA) is the main piece of legislation that sets out how we should manage our environment. It's based on the principle of promoting sustainable management of our resources, and it encourages us (as communities and as individuals) to plan for the future of our environment.

About our region

The Bay of Plenty

- We cover 21,836 square km of land and sea (12,253 land, 9583 sea).
- There are 18 off-shore and inland islands.
- The coastline stretches from the southern end of Homunga Bay (north of Waihī Beach) to Lottin Point (near Cape Runaway).
- Our offshore boundary extends to the 12 nautical mile limit.

We have many prominent features including:

- Eighteen off-shore islands including: Matakana, Tūhua (Mayor) and Whakaari/White Island (an active volcano).
- Three mountains: Tarawera, Pūtauaki (Mt Edgecumbe) and Mauāo (Mt Maunganui).
- Two harbours: Tauranga and Ōhiwa.
- Five large estuaries: Maketū, Little Waihī, Whakatāne, Waiōtahi and Waioeka/Otara.
- Twelve lakes in our Rotorua Lakes Programme: Ōkāreka, Ōkaro, Ōkataina, Rerewhakaaitu, Rotoehu, Rotoiti, Rotokakahi, Rotomā, Rotomahana, Rotorua, Tarawera, Tikitapu.
- The furthest point from the coast is 139 km at the top of the Rangitāiki River Catchment.
- Eight major rivers run through the region: Wairoa, Kaituna, Tarawera, Rangitāiki, Whakatāne, Waioeka, Mōtū and Raukōkore.

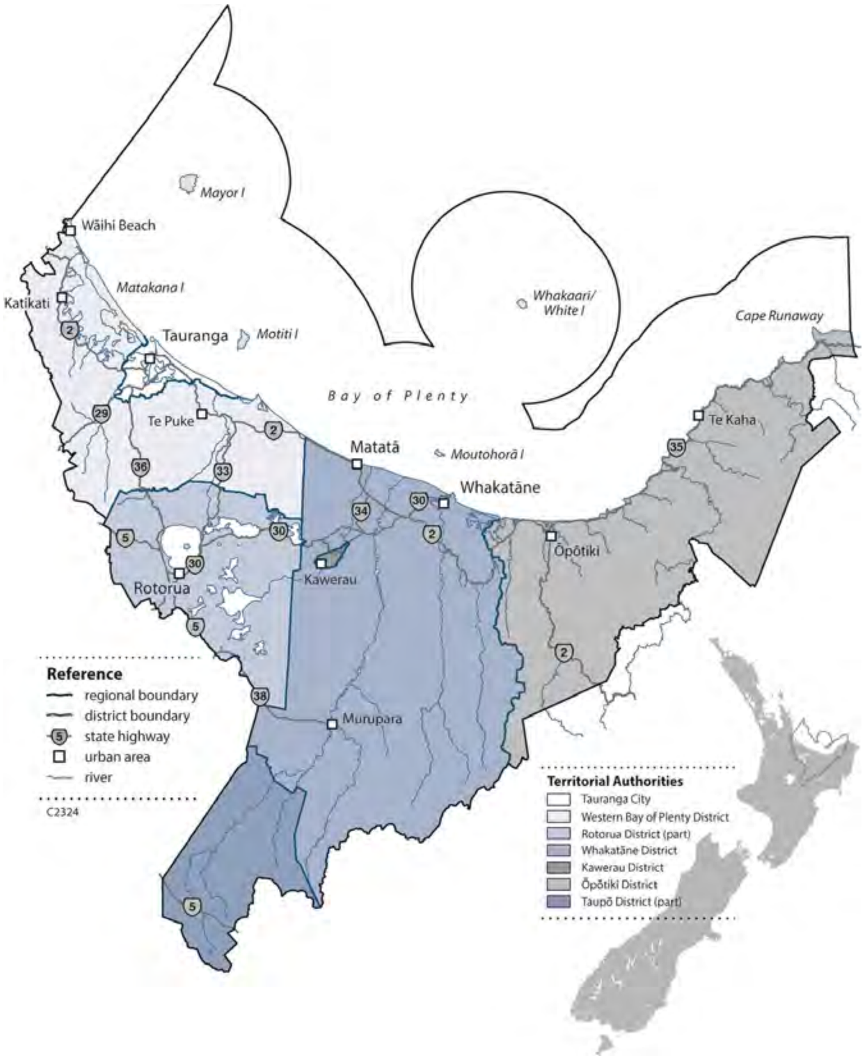
Population

The Bay of Plenty's population was estimated to be 282,300 as at 30 June 2014[1]. Broken down into districts this is:

- Tauranga City – 121,800
- Western Bay of Plenty – 45,900
- Ōpōtiki – 8,830
- Rotorua – 68,500
- Whakatāne – 34,300
- Kawerau – 6,600
- Taupō – 35,100

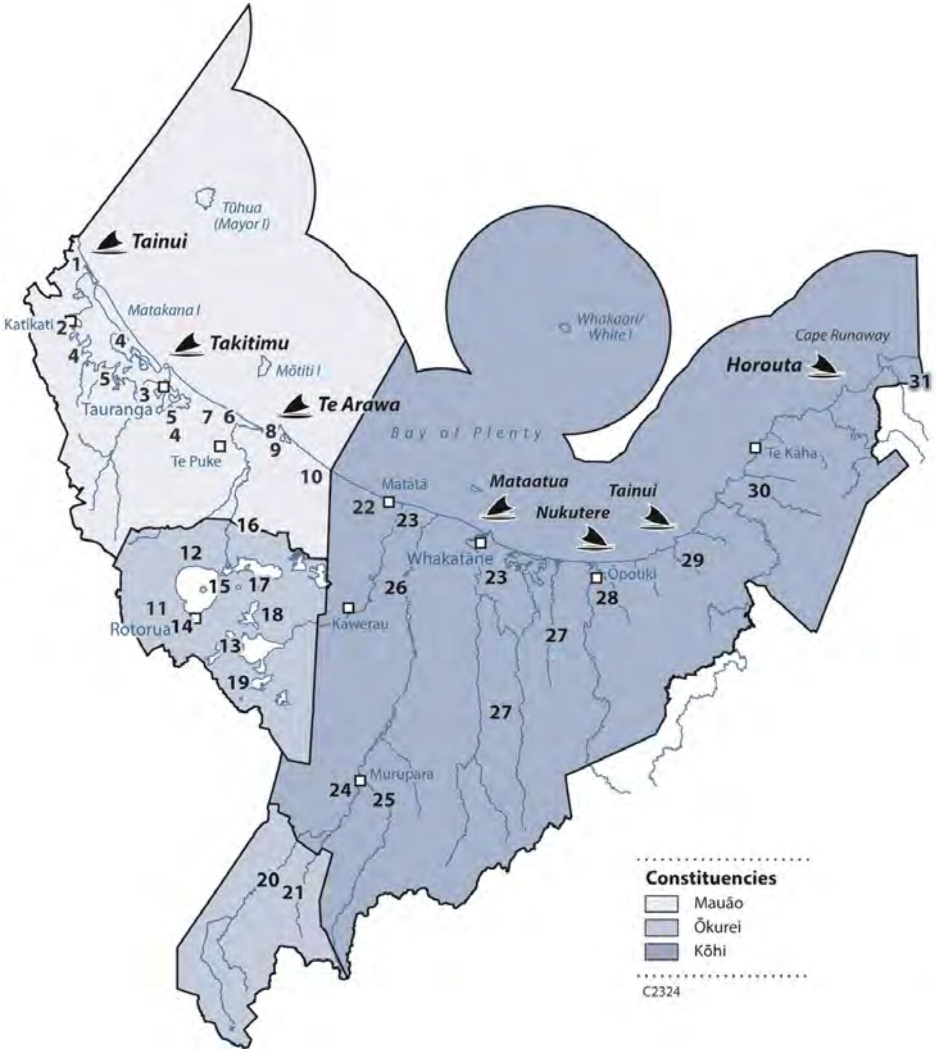
1 *Figures taken from Statistics New Zealand estimated 2014 resident populations for Regional Council and Territorial Authority areas. The total sum of the region's population does not match the total for the districts because only parts of Rotorua and Taupō districts are within the Bay of Plenty Regional Council boundary. Fewer than 200 people live in the part of Taupō District within the Bay of Plenty boundary.*

Map of Bay of Plenty Regional Council boundary



Map of Bay of Plenty Regional Council boundary

Map of Bay of Plenty Regional Council iwi constituencies



MAUĀO CONSTITUENCY

	Iwi
1	Pare Hauraki* (x4 iwi)
2	Ngāti Hinerangi
3	Ngāti Ranginui
4	Ngāiterangi
5	Ngāti Pukenga
6	Waitaha
7	Tapuika
8	Ngāti Whākaue ki Maketu
9	Ngāti Makino
10	Ngāti Whakahemo

ŌKUREI CONSTITUENCY

	Iwi
11	Ngāti Kearoa/Ngāti Tuarā
12	Ngāti Rangiwewehi
13	Tuhourangi
14	Ngāti Uenukukōpako/ Ngāti Whakaue
15	Ngāti Rangiteaorere
16	Ngāti Pikiao
17	Ngāti Rongomai
18	Ngāti Tarawhai
19	Ngāti Tahu/Whaoa (Reporoa)
20	Ngāti Tūwharetoa - Taupō
21	Ngāti Hineuru

KŌHI CONSTITUENCY

	Iwi
22	Ngāti Rangitihi
23	Ngāti Awa
24	Ngāti Manawa
25	Ngāti Whare
26	Ngāti Tūwharetoa - Bay of Plenty
27	Ngāi Tūhoe
28	Whakatōhea
29	Ngaitai
30	Te Whānau a Apanui
31	Ngāti Porou

* Includes Ngāti Maru, Ngāti Tara Tokanui, Ngāti Tamaterā, Ngāti Whanaunga

Council and committee membership

Bay of Plenty Regional Council members 2013–2016 (following local Government elections October 2013)

Eastern Bay of Plenty General Constituency

- Doug Leeder (Chairman)
- Colin Holmes

Rotorua General Constituency

- Neil Oppatt
- Lyall Thurston

Tauranga General Constituency

- John Cronin
- Philip Sherry
- Douglas Owens
- Paula Thompson
- David Love

Western Bay of Plenty General Constituency

- Jane Nees (Deputy Chair)
- Norm Bruning

Kohī Māori Constituency

- Tiipene Marr

Ōkurei Māori Constituency

- Arapeta Tahana

Mauāo Māori Constituency

- Awanui Black

Core committees of Council

Regional Direction and Delivery Committee

This committee sets the strategic direction for the region by formulating policy that clearly identifies Council's role and direction on issues. It also sets the operational direction for approved Regional Council policy and strategy, and monitors how it is implemented.

Chair: Councillor Paula Thompson

Deputy Chair: Councillor Norm Bruning

Members: All Councillors

Audit and Risk Committee

This committee develops and reviews Council's funding, financial policies and frameworks; and Council's performance monitoring framework, and Council's audit and risk policies and frameworks.

Chair: Councillor John Cronin

Deputy Chair: Councillor David Love

Ex-Officio: Chairman Douglas Leeder

Members: Councillors Colin Holmes, Douglas Owens, Arapeta Tahana, Paula Thompson

Komiti Maori

This Committee sets the operational direction for Council's legislative obligations to Māori and monitors how these obligations are implemented. This will be achieved through the development of specific operational decisions which translate legislative obligations to Māori in action.

Chair: Councillor Awanui Black

Deputy Chair: Councillor Tiipene Marr

Ex-Officio: Chairman Doug Leeder

Members: Councillors Norm Bruning, Douglas Owens, Arapeta Tahana, Lyall Thurston.

Statutory Committees

Regional Transport

To prepare for approval by the Regional Council:

- A Regional Land Transport Plan for its region and any variations to it.
- A Regional Land Transport Programme for its region and any variations to it.
- Any advice and assistance the Regional Council may request in relation to its transport responsibilities generally.
- Approve submissions to Central Government, local authorities and other agencies on Regional Transport Committee-related matters.
- To adopt a policy that determines significance of variations made to regional land transport programmes and regional land transport strategies.

Chair: Deputy Chair Jane Nees

Deputy Chair: Councillor Douglas Owens

Alternate: Councillor David Love

Members: Mayor A Bonne (Whakatane District Council), Mayor M Campbell (Kawerau District Council), Mayor S Chadwick (Rotorua Lakes Council), Mayor S Crosby (Tauranga City Council), Councillor R Curach (Alternate, Tauranga City Council), Mayor J Forbes (Opotiki District Council), K Galbraith (Freight Advisor), Councillor A Iles (Alternate, Whakatane District Council), Councillor B Julian (Alternate, Kawerau District Council), Councillor D Love (Alternate, Bay of Plenty Regional Council), J Moodie (Alternate, New Zealand Transport Agency), Mayor R Paterson (Western Bay of Plenty District Council), Councillor G Searancke (Alternate, Rotorua Lakes Council), Councillor D Thwaites (Alternate, Western Bay of Plenty District Council), H Wilson (Regional Director Waikato/Bay of Plenty, New Zealand Transport Agency), Councillor K Young (Alternate, Opotiki District Council).

Rotorua Te Arawa Lakes Strategy Group

A joint committee with Rotorua District Council and Te Arawa Lakes Trust to give effect to the vision of preserving and protecting the lakes of the Rotorua district (as set out in the Te Arawa Lakes Deed of Settlement 2004 and the Te Arawa Lakes Settlement Act 2006).

The Group's purpose is to contribute to promotion of sustainable management of the Rotorua lakes and their catchments, for the use and enjoyment of present and future generations, while recognising and providing for the traditional relationship of Te Arawa with their ancestral lakes.

Chair: Sir Toby Curtis (Chairman,Te Arawa Lakes Trust)

Deputy Chair: Mayor Steve Chadwick (Rotorua District Council)

Members: K Biddle (Alternate, Te Arawa Lakes Trust), W Emery (Deputy Chairman, Te Arawa Lakes Trust), Councillor K Hunt (Rotorua Lakes Council), Chairman D Leeder (Bay of Plenty Regional Council), Councillor N Oppatt (Bay of Plenty Regional Council), Councillor G Searancke (Alternate, Rotorua Lakes Council), Councillor L Thurston (Bay of Plenty Regional Council).

Civil Defence and Emergency Management Group

A permanent standing joint committee of all local authorities of the Bay of Plenty region. Established under Section 12 of the Civil Defence Emergency Management Act 2002. Provides for effective civil defence emergency management in the Bay of Plenty.

Chair: Mayor John Forbes (Ōpōtiki District Council)

Deputy Chair: Mayor Ross Paterson (Western Bay of Plenty District Council)

Alternate: Jane Nees (Deputy Chair, Bay of Plenty Regional Council)

Members: Mayor T Bonne (Whakatane District Council), Councillor S Browne (Alternate, Opotiki District Council), Mayor M Campbell (Kawerau District Council), Mayor S Chadwick (Rotorua District Council), Mayor S Crosby (Tauranga City Council), Deputy Mayor D Donaldson (Alternate, Rotorua District Council), Alternate A Holmes (Deputy Mayor, Kawerau District Council), Chairman D Leeder (Bay of Plenty Regional Council), G Merriman (Alternate, Western Bay of Plenty District Council), S Morris (Alternate, Tauranga City Council), Deputy Chair J Nees (Alternate, Bay of Plenty Regional Council), Deputy Mayor J Turner (Alternate, Whakatane District Council).

Rangitāiki River Forum

To protect and enhance the environmental, cultural and spiritual health and well-being of the Rangitāiki River and its resources for the benefit of present and future generations (as set out in the Ngāti Manawa Claims Settlement Act 2012 and the Ngāti Whare Claims Settlement Act 2012).

Chair: Maramena Vercoe (Te Runanga o Ngati Manawa)

Deputy Chair: Daryl Christie (Te Runanga o Ngati Whare)

Alternate: Douglas Owens (Councillor, Bay of Plenty Regional Council)

Members: M Araroa and T O'Brien (Alternate, Te Runanga o Ngati Awa), P Olsen (Alternate, Te Runanga o Ngati Whare), Reverend G Te Rire and E August (Alternate, Ngati Tuwharetoa (BOP) Settlement Trust), Mayor A Bonne and Deputy Mayor J Turner (Alternate, Whakatane District Council), Councillors N Bruning, C Holmes, T Marr, and D Owens (Alternate, Bay of Plenty Regional Council).

Te Maru ō Kaituna River Authority

A permanent joint committee for the restoration, protection and enhancement of the environmental, cultural and spiritual health and well-being of the Kaituna River (as set out under the Tapuika Claims Settlement Act 2014).

Chair: Dean Flavell (Tapuika)

Deputy Chair: Arapeta Tahana (Councillor, Bay of Plenty Regional Council)

Members: P Bentley (Councillor, Rotorua Lakes Council), P Callaghan (Alternate, Tapuika), R Clarke (Ngati Rangiwewehi), M Cowley (Councillor, Tauranga City Council), K Marsh (Councillor, Western Bay of Plenty District Council), T Maxwell (Alternate, Councillor, Rotorua Lakes Council), H Maxwell (Alternate, Tapuika/Waitaha), G Mohi (Alternate, Ngati Rangiwewehi), S Morris (Alternate, Tauranga City Council), Deputy Chair J Nees (Alternate, Bay of Plenty Regional Council), H Paul (Te Pumautanga o Te Arawa), J Scrimgeour (Alternate, Councillor, Western Bay of Plenty District Council), M Tapsell (Tapuika/Waitaha), P Thomas (Alternate, Te Pumautanga o Te Arawa)

Tauranga Moana Co-Governance Forum

This co-governance forum is yet to be established.

Joint Committees

SmartGrowth Implementation Committee

A joint committee with Tauranga City Council and Western Bay of Plenty District Council responsible for implementation of the western Bay of Plenty's sub-regional growth management strategy.

Chair: Bill Wasley (Independent Chairman)

Members: Chairman D Leeder and Deputy Chair J Nees (Bay of Plenty Regional Council), P Thompson and D Love (Councillors, Bay of Plenty Regional Council); Mayor Stuart Crosby (Tauranga City Council), J Robson, S Morris, M Cowley (Councillors, Tauranga City Council); Mayor Ross Paterson (Western Bay of Plenty District Council), G Merriman, G Webber and J Scrimgeour (Councillors, Western Bay of Plenty District Council); K Smith, A Black, M Tapsell, A Coffin (Tangata Whenua representatives).

Ōhiwa Harbour Implementation Forum

To oversee and monitor implementation of the Ōhiwa Harbour Strategy.

Chair: T Marr (Councillor, Bay of Plenty Regional Council)

Members: A Iles (Councillor, Whakatane District Council), M Edwards (Te Upokorehe), L Riesterer (Councillor, Ōpōtiki District Council), B Pukepuke (Whakatohea Māori Trust Board), Chief Executive E Ratahi-Pryor (Alternate, Te Runanga o Ngāti Awa).

Eastern Bay of Plenty Joint Committee

To form, explore and make recommendations for strategic collaborative initiatives between the partner councils.

Chair: Norm Bruning (Councillor, Bay of Plenty Regional Council)

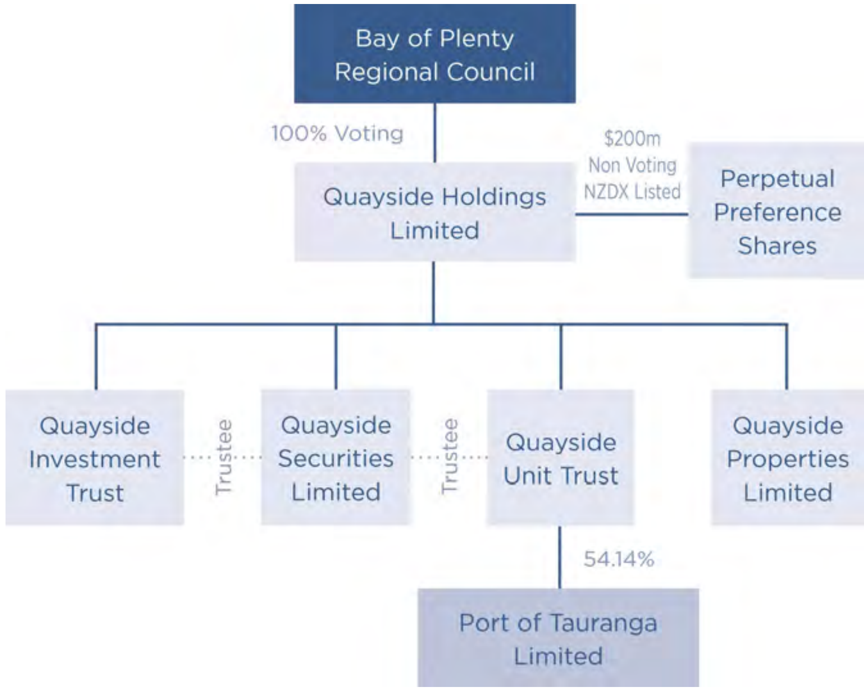
Deputy Chair: Lyn Riesterer (Councillor, Opotiki District Council)

Members: Mayor M Campbell, Deputy Mayor A Holmes (Kawerau District Council); Mayor J Forbes (Ōpōtiki District Council); Mayor T Bonne and Councillor Scott Jarrett (Whakatāne District Council).

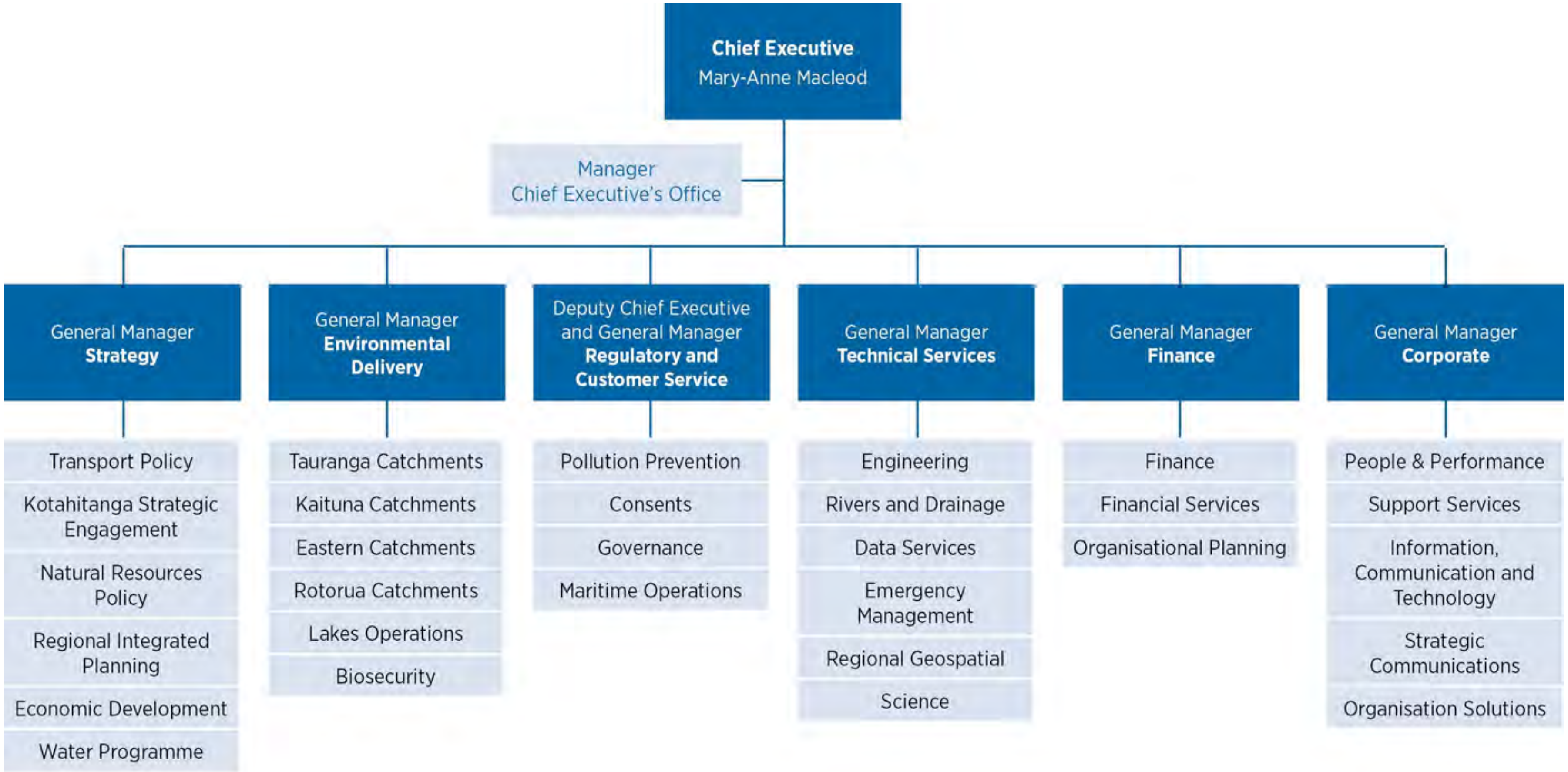
Subcommittees

- Public Transport Subcommittee
- Regional Policy Statement Appeals Subcommittee
- Executive Employment and Remuneration Sub-committee
- Lake Rotorua Incentives Board

Group structure



Council organisation structure



Council financial trends

	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Rates revenue	32,086	31,092	30,186	26,209	25,534	25,300	21,826	19,890	16,963
Trading and finance income	49,473	48,442	50,906	56,880	49,742	40,756	40,460	231,943	32,706
Other gains/(losses)	85	164	14,717	23,194	1,359	1,291	2,454	628	96
Total operating revenue	**81,644**	**79,698**	**95,809**	**106,283**	**76,635**	**67,347**	**64,740**	**252,461**	**49,765**
Employee benefit expenses	29,235	25,951	24,088	24,171	22,789	20,852	19,426	18,467	17,128
Depreciation and amortisation	5,670	5,468	5,253	4,583	4,121	3,365	3,120	2,424	2,436
Trading and other expenses	50,317	54,098	44,552	51,310	48,509	37,993	31,647	31,507	27,781
Finance costs	-	308	1,194	344	-	41	95	78	135
Other losses	10	74	3,523	452	1,702	25	69	75,178	-
Total operating expenditure	**85,233**	**85,899**	**78,610**	**80,860**	**77,121**	**62,276**	**54,357**	**127,654**	**47,480**
Operating surplus/(deficit) before taxation and share of profit of associates	**(3,588)**	**(6,201)**	**17,199**	**25,423**	**(486)**	**5,071**	**10,383**	**124,807**	**2,285**
Total current assets	53,480	63,766	45,510	58,363	52,932	52,414	42,819	52,753	46,004
Total non current assets	441,933	432,261	455,202	435,722	440,628	431,987	424,059	402,010	159,072
Total assets	**495,413**	**496,027**	**500,712**	**494,085**	**493,560**	**484,401**	**466,878**	**454,763**	**205,076**
Total current liabilities	12,598	14,821	10,954	16,722	16,051	9,454	7,170	6,440	9,638
Total non current liabilities	39,951	39,855	39,875	53,975	75,603	76,129	75,750	75,467	479
Total liabilities	**52,549**	**54,676**	**50,829**	**70,697**	**91,654**	**85,583**	**82,920**	**81,907**	**10,117**
Net assets	**442,865**	**441,351**	**449,883**	**423,388**	**401,906**	**398,818**	**383,958**	**372,856**	**194,959**

Group financial trends

	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Rates revenue	32,086	31,092	30,186	26,209	25,534	25,300	21,826	19,856	16,929
Trading and other revenue	310,900	308,056	289,923	280,467	237,378	193,612	185,333	176,975	153,740
Other gains/(losses)	22,794	14,892	13,190	4,063	10,563	7,843	4,302	7,357	13,516
Total operating revenue	**365,780**	**354,040**	**333,299**	**310,739**	**273,475**	**226,755**	**211,461**	**204,188**	**184,185**
Employee benefit expenses	72,311	67,870	57,370	52,879	48,166	39,351	35,741	34,586	32,406
Depreciation and amortisation	28,911	27,857	23,811	21,683	21,263	17,596	16,245	14,811	12,366
Trading and other expenses	145,747	149,006	134,390	137,759	115,998	89,081	81,305	82,013	77,763
Finance costs	20,285	18,607	23,009	17,376	17,056	14,281	19,341	22,061	18,218
Other losses	5,373	4,285	6,632	11,529	12,511	7,655	21,305	10,716	-
Total operating expenditure	**272,627**	**267,625**	**245,212**	**241,226**	**214,994**	**167,964**	**173,937**	**164,187**	**140,753**
Other adjustments	12,686	-	-	-	-	-	-	-	-
Operating surplus/(deficit) before taxation and share of profit of associates	**105,839**	**86,415**	**88,087**	**69,513**	**58,481**	**58,791**	**37,524**	**40,001**	**43,432**
Total current assets	128,939	134,868	133,108	112,052	133,866	83,874	79,036	89,755	80,190
Total non current assets	1,808,393	1,635,306	1,574,922	1,492,831	1,469,219	1,441,226	1,377,635	1,368,819	1,105,309
Total assets	**1,937,332**	**1,770,174**	**1,708,030**	**1,604,883**	**1,603,085**	**1,525,100**	**1,456,671**	**1,458,574**	**1,185,499**
Total current liabilities	227,391	207,871	191,276	52,437	75,922	86,028	25,887	70,901	205,784
Total non current liabilities	445,781	406,227	394,527	525,759	531,677	479,690	515,200	463,255	106,231
Total liabilities	**673,171**	**614,098**	**585,803**	**578,196**	**607,599**	**565,718**	**541,087**	**534,156**	**312,015**
Net assets	**1,264,161**	**1,156,076**	**1,122,227**	**1,026,687**	**995,486**	**959,382**	**915,584**	**924,418**	**873,484**