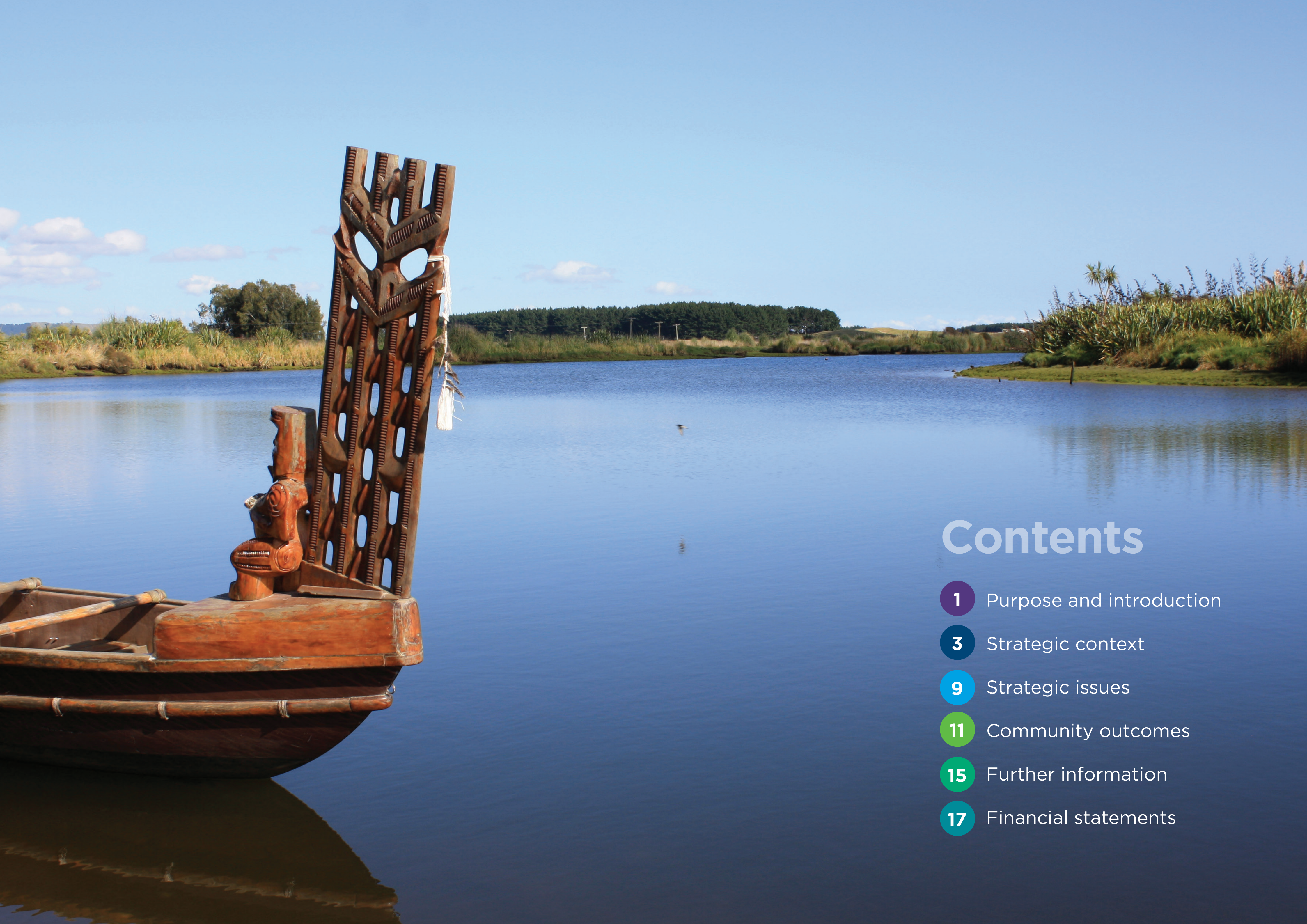
Pre-election Report 2016

BAY OF PLENTY
REGIONAL COUNCIL
TOI MOANA



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Purpose and introduction

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I am pleased to present our pre-election report. The purpose of the report is to provide prospective Council candidates and the wider community with information about the issues facing our region and the Council. This report covers our strategic context, strategic issues, and what we do to deliver our community outcomes. It also provides summary financial information.

The Bay of Plenty Regional Council is primarily responsible for environmental matters through the Resource Management Act. We act with real long term focus, including developing and implementing major regional environmental plans and initiatives. Some of the highlights of our work for the next few years include:

- Completing the Lake Rotorua nutrient management plan change supported by incentive schemes to improve water quality by reducing nutrient run off and replanting gorse with native plants
- Completing the Region-wide Water Quantity plan change to ensure water use is fair and sustainable
- Implementing the National Policy Statement for Freshwater starting with Water Quality and Quantity plan changes for the Rangitāiki and Kaituna catchments
- Providing grants for waste water upgrades for Te Puna West, Ongare Point, Lake Rotoiti, and Lake Rotoma
- Delivering the Kopeopeo canal remediation to remove dioxin and protect the environment and people's health
- Delivering the Kaituna River re-diversion to improve the environment by recreating wetlands and protecting waterway margins
- Delivering the Rangitāiki floodway widening to improve resilience to flooding
- Providing Civil Defence Emergency Management (CDEM) services to the Council, as well as regional emergency management leadership
- Developing spatial plans including the Regional Development Plan and determining the level and focus of any funding support we may provide through an Infrastructure Funding Policy
- Providing Regional Infrastructure Fund grants for the Scion innovation centre, Tauranga Tertiary Campus, Ōpōtiki Harbour Transformation, and Tauranga Marine Precinct to accelerate economic development
- Continuing to strengthen our culture of Innovation and Excellence including investing in modern and mobile technology to support delivery to the community
- Continuing to work with our local and central government partners to deliver public transport services in the western Bay of Plenty that play a bigger role in delivering an optimised transport network.

M Macleod.

M Macleod
Chief Executive

What we do

We develop regional policy statements and plans, and issue consents allowing people to use our resources wisely.

We manage the effects of using our regional fresh water, land, air, geothermal, coasts and waterways.

We work with Māori and other community stakeholders to understand what's important to you.

We manage our river schemes, provide drainage to low lying areas, provide flood protection and minimise soil erosion.

We protect our region from new plant and animal pests, and help landowners improve how they use land and protect waterways.

We use science to understand and improve our environment, monitor and evaluate what's happening in water and on the land.

We plan regional land transport, and contract bus services.

We manage navigation and safety on our harbours, deal with oil spills and other pollution and hazards.

We plan regional economic development and have helped fund new infrastructure, like sewerage systems, road improvement projects to support our economy.

We fund hapū and iwi resource management plans and we administer several Treaty co-governance forums.

We co-ordinate the region's preparation for regional emergencies, like earthquakes and floods.

Strategic context

Strategic context

There are a range of regional factors or drivers that affect what we do. These drivers were assessed as four interrelated areas. The first is political (our changing operating environment), the second is people, the third is environment and lastly business or economic. Overviews of these assessments are set out below.

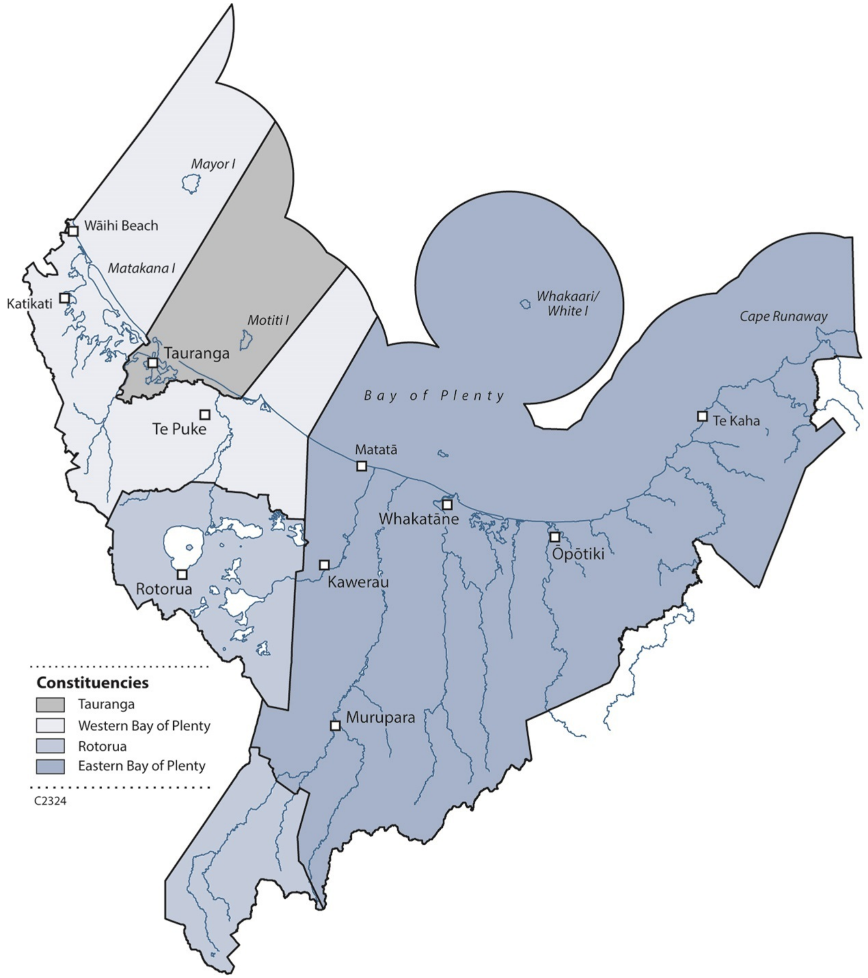
Political

Bay of Plenty Regional Council has 14 councillors, following a decision by the Local Government Commission in December 2012 to increase the number from 13. Bay of Plenty Regional Council must review its representation at least once every six years, with the next review due in 2018.

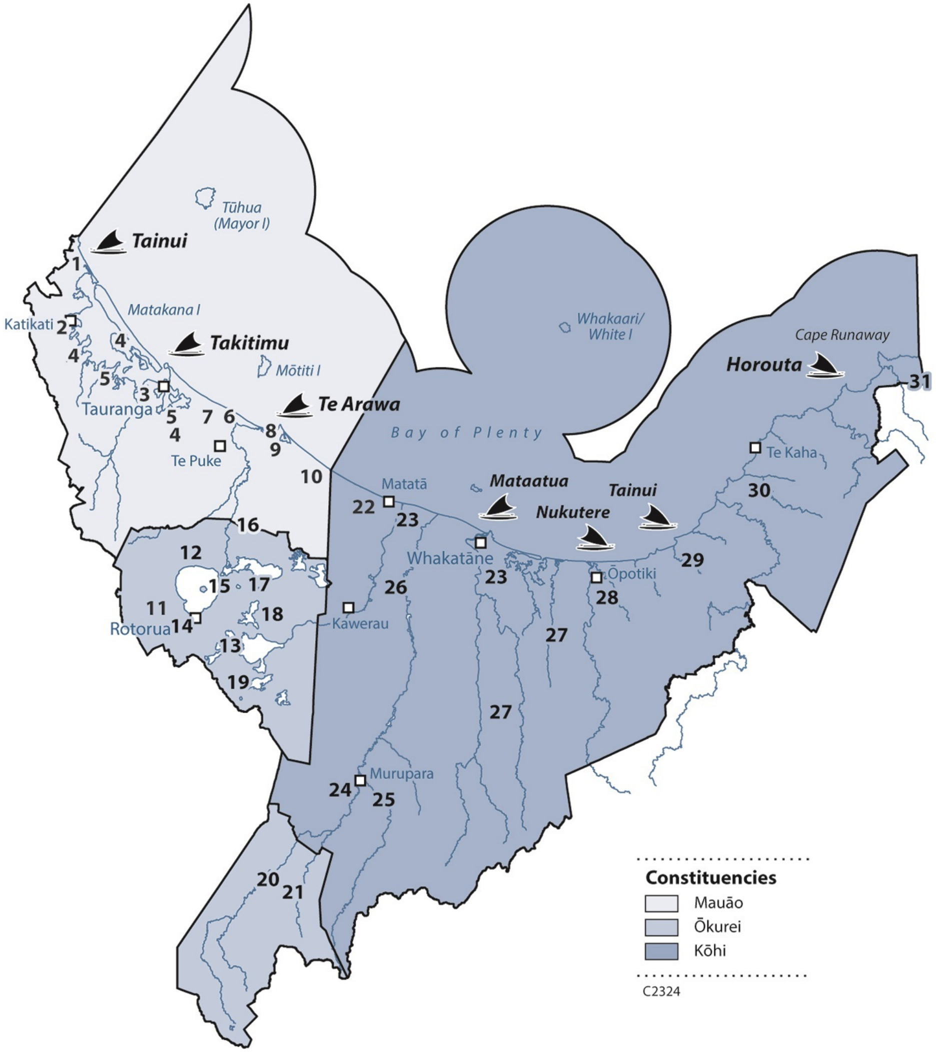
Voters on the general roll elect 11 of these councillors from four general constituencies – Tauranga (five councillors), Rotorua, western Bay of Plenty and eastern Bay of Plenty (two each).Voters on the Māori roll elect one councillor from three Māori constituency areas – Kōhī, Mauāo and Ōkurei.

There are seven territorial authorities that are also part of Local Government in the region. They are Tauranga City Council, Western Bay of Plenty District Council, Whakatāne District Council, Ōpōtiki District Council, Kawerau District Council, Rotorua Lakes Council (part) and Taupō District Council (part).

Bay of Plenty Regional Council General Constituencies



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

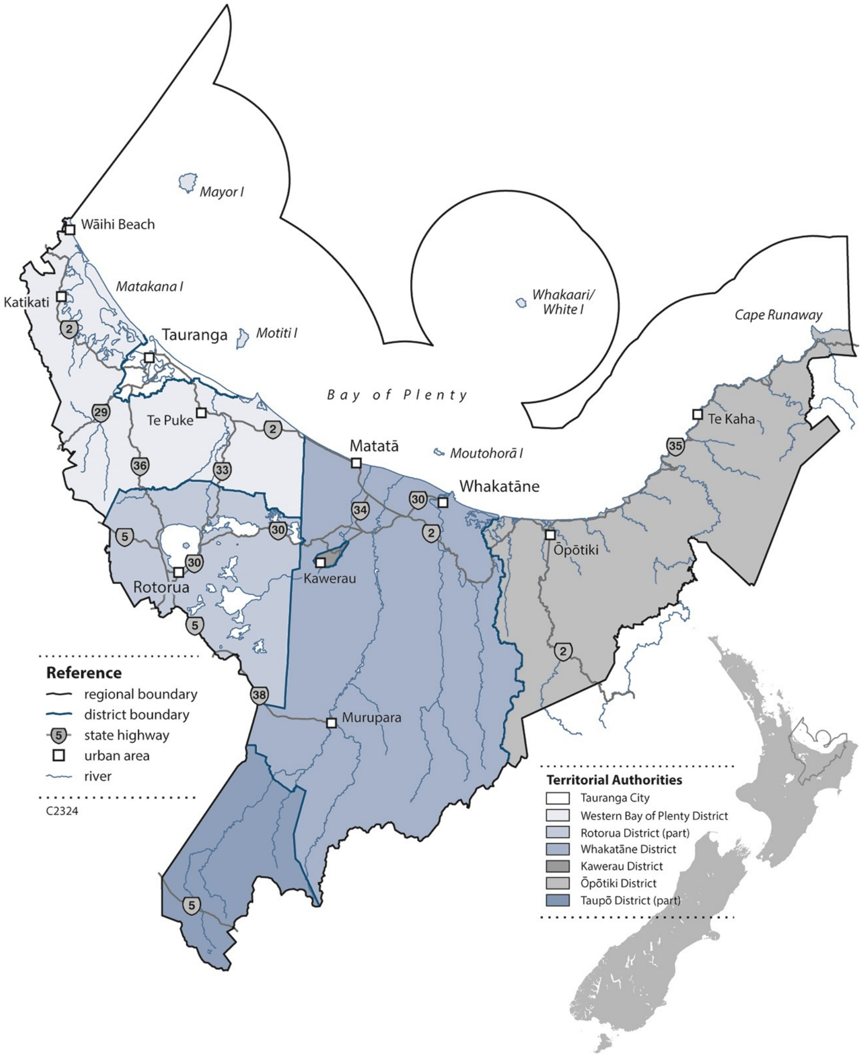
	Iwi
11	Ngāti Kearoa/Ngāti Tuarā
12	Ngāti Rangiwewehi
13	Tuhourangi
14	Ngāti Uenukukōpako/ Ngāti Whakaue
15	Ngāti Rangiteaorere
16	Ngāti Pikiao
17	Ngāti Rongomai
18	Ngāti Tarawhai
19	Ngāti Tahu/Whaoa (Reporoa)
20	Ngāti Tūwharetoa - Taupō
21	Ngāti Hineuru

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

Bay of Plenty Regional Council Boundary



Ongoing changes to the Local Government Act 2002 (LGA) are intended to introduce more options for streamlining local government. These changes put greater emphasis on councils collaborating to improve service delivery, efficiency and effectiveness, and consideration of delivery of functions by Council Controlled Organisations.

Recent changes to national policies (such as the National Policy Statement to Freshwater Management NPSFM) have significantly changed or altered local authorities' responsibilities. Resource Management reform is ongoing and will have wide ranging impacts across how regional councils do business, with changes to the NPSFM, the National Environmental Standards for Air Quality (NES) and the National Policy Statement on Urban Development Capacity (NPS-UDC) all in train.

Treaty settlements in the Bay of Plenty (and subsequent legislation) continue to be progressed. We currently operate 3 co governance arrangements with more under development. We operate relationship and integrated planning protocols with Tūhoe Te Uru Taumatua and we are developing more direct protocols with iwi to ensure that we engage and work with Māori consistently and effectively. Cumulative impacts arising from national reforms and Treaty settlements present significant resource challenges for the Council, now and into the future.

People

The Bay of Plenty's population was 282,300 as at 30 June 2014. This makes us the fifth most populous region with six percent of New Zealand's population. The region's population increased by six percent between 2006 and 2013. Over the same period, the fastest growth was in Tauranga and the Western Bay of Plenty with increases of 14 and seven percent respectively. The population decreased slightly in Whakatāne, Kawerau and Ōpōtiki.

The populations of the cities and districts in the region as at 30 June 2014 were:

Council area	At 30 June			Population change 2013-2014 P	
	2006	2013	2014	No.	%
Western Bay of Plenty District	43,000	45,500	46,000	500	0.9%
Tauranga City	107,000	119,800	121,700	1,900	1.6%
Rotorua District	68,100	68,400	68,500	100	0.1%
Whakatāne District	34,500	34,200	34,300	100	0.3%
Kawerau District	7,150	6,650	6,600	-50	-0.8%
Ōpōtiki District	9,200	8,780	8,830	50	0.5%
Bay of Plenty [1]	**265,300**	**279,700**	**282,300**	**2,000**	**0.7%**

1. *Note: the total sum of the districts' population does not match the total for the region because only parts of Rotorua and Taupō districts are within the Bay of Plenty boundary. Fewer than 200 people live in the part of Taupō District within the Bay of Plenty boundary.*

The Bay of Plenty averages 23 people for every square kilometre of land, although actual densities vary throughout the region, with high population density in western Bay and a low population density in eastern Bay.

Population projections show that the Bay of Plenty will be faced with a rapidly increasing and proportionally older population over the next 30 years. The fraction of people aged 65 plus is projected to rise from between 1:6-1:8 now to around 1:4 by 2031 – about double the 2006 level. The relatively high and increasing proportion of older residents in the Bay of Plenty represents a segment of the population with a limited degree of participation in the workforce. An older population will also demand higher health and other support services.

The population of the Bay of Plenty is less ethnically diverse than the national average. Twenty five percent of the region's population identify as Māori, compared with 13 percent for New Zealand. Ten percent identify with an ethnic group other than New Zealand European or Māori, lower than the national average of 21 percent. Apart from English, the next most common language spoken in Bay of Plenty is Māori, spoken by nearly eight percent of people, compared with three percent throughout New Zealand.

In the Bay of Plenty region 21 percent of people have a qualification higher than NCEA level 5, compared with 26 percent of people throughout New Zealand. The region has a higher proportion (21 percent) of people with no formal qualifications than the national average (19 percent).

Environment

The Bay of Plenty is located on the east coast of the North Island of New Zealand. The region takes in the full sweep of the coastline from Lottin Point in the east, to Waihī Beach in the west. Generally the region's soils appear to be in good health. However, in some areas there is cause for concern from dairying (compacted top soils) and intensive cropping (decline in soil structure). The two main pressures on our region's soils are soil loss (due to earthworks and loss of vegetation) and degrading soil health from intensive or inappropriate land-use. The region has one of the sunniest climates in the country, especially in coastal areas, and dry spells are common.

The region extends inland, generally to the ridge of the catchments that drain into the Bay of Plenty. Eight major rivers empty into the region – Wairoa, Kaituna, Tarawera, Rangitāiki, Whakatāne, Waioeka, Mōtū and Raukokore.

Our river and stream quality is generally stable. Pressures on rivers and streams include stormwater discharges from urban, industrial and rural sources, nitrogen increases from animal urine and from septic tanks, aquatic weeds and pest fish. Fresh water management is a significant issue for the entire region. There is an ever-growing demand for water from industries (including use for frost protection of crops) and population growth and increasing community expectations for water quality. As surface water is becoming fully allocated, groundwater is quickly becoming an important source of supply.

Harbour waters are showing small signs of improvement and our region's above-average bathing water quality is being maintained. The pressures on our coastal waters are associated with more intensive land-use, coastal structures, aquaculture, oil spills and ship ballast water discharges and recreational uses.

Rotorua's lakes are particularly sensitive to changes in nutrient levels (for example, from run-off from agriculture and horticulture and septic tank seepage). This has caused the water quality of some of the Rotorua lakes to deteriorate during the past decade.

The region's air quality is generally good, except for in the Rotorua urban area which is not on track to meet the national air quality standard. Rotorua air quality issues are mainly caused by home heating. The poor air quality causes adverse health effects, particularly in the young, the elderly and those who already suffer from respiratory illnesses.

The Taupō Volcanic Zone crosses the region from Lake Taupo to Whakaari (White Island). Two major features of this zone are the extensive geothermal areas and the number of earthquake fault lines that run parallel within the zone. There are sustainable energy opportunities with a low carbon footprint including further utilisation of the region's geothermal resources for large-scale electricity generation and direct heat supply, though these resources need to be managed sustainably.

The long-term scenario for the Bay of Plenty climate is that the region is likely to experience periods of higher rainfall intensity, more frequent drought conditions and higher overall temperatures. These changes are likely to put increased pressure on planning and services, such as water allocation, monitoring and biosecurity.

Business

Regional Gross Domestic Product (GDP) in 2015 was $12.3 billion, 5.1 percent of New Zealand's total GDP. The region provides 6 percent of national employment. Economic development is well coordinated between business, the public sector and iwi within the region.

The Bay of Plenty's Regional Economic Development Strategy identified the primary sector (agriculture, forestry and fishing) as the most significant employers in the region, accounting for 14 percent of employment in the economy (education, as a single discipline, employs the most). Retail Trade accounted for 12 percent of employment, followed by manufacturing and property and business services (both 11 percent) and health and community services (10 percent).

The Port of Tauranga is New Zealand's largest export port by volume, and the second largest container port. Export is important in rural areas where more than 50 percent of employment is export-related.

Generally, the region's infrastructure is considered adequate for current and reasonably foreseeable needs. The rail network totalled 229 kilometres, linking the Port to the Waikato and Auckland and the major forestry centres to the east and south. Commercial airports operate in Rotorua, Tauranga and Whakatāne. In more remote areas population decline may force a rethink of levels of service, with resources there becoming increasingly stretched with other challenges.

The average household income in the Bay of Plenty is $77,600 compared with the national average of $89,000. Unemployment averages approximately 6.4% compared to 5.7% nationally.

The Bay of Plenty is growing, but jobs and people may not be in the same place. The younger population is in the east of the region, with limited work opportunities. Providing access to work opportunities in the east as well as access to opportunities in the west will become increasingly important as the younger population move into work.

Strategic issues

Strategic issues

Council has identified five strategic issues. These are:

- Making the most of our environment
- Where we live will change
- Sustainable economic development
- Significance of treaty settlements
- Reliable and affordable infrastructure

Strategic Issue 1: Making the most of our environment

We need to take a whole of catchment approach to managing and protecting natural and physical resources. The quality of the air, water and soil affects our quality of life, migration patterns, regional economic development and the condition of our natural resources. We need to balance the enhancement and protection of public amenities, access and lifestyle; while providing environmental benefits that the public cannot always directly enjoy or appreciate. There will be more Māori and community involvement in decisions. There will be an increased focus on natural hazard and water management planning, and a more regulatory response to environmental matters as tougher rules are applied to protect the environment.

Strategic Issue 2: Where we live will change

Employment and population trends suggest our pattern of settlement may change to more urban lifestyles, which means that our urban areas are getting bigger, rural areas smaller. Peoples' needs are changing as the population ages and the working age population declines. We need to consider the impact of this on all communities (rural and urban) and provide clarity around the broad settlement pattern so others can plan to deliver the right services. Statutory planning and investment needs to be considered in this context, particularly access to transport to move between living and working environments.

Strategic Issue 3: Sustainable economic development

Research shows continued economic growth in east and central parts of the region generating jobs at a rate exceeding population growth, but jobs and people may not be in the same place. This will affect migration patterns. While the region's economy has performed at a rate equal to or above the national average in the recent past, this does not guarantee that it will continue to do so into the future. A sound growth strategy and robust analysis will contribute to high-quality decisions that help ensure a growth path that is beyond what be expected under "business as usual". Good regional infrastructure remains important, but there will be increased pressure to be clear on regional priorities and prioritise infrastructure funding. Economic growth can be stimulated through science and innovation.

Strategic Issue 4: Significance of Treaty Settlements

The Bay of Plenty has the second largest population of Māori in the country, with approximately 35 iwi groups and over 200 hapū.The Māori economy is set to change, as settlements have left some Māori with large physical asset bases and new opportunities to generate wealth. As a result Māori business will increasingly affect the Bay of Plenty economy. Joint decision-making (such as co-governance) and/or enhanced involvement of Māori in Council business is likely to increase. This dynamic has resulted in our councils being very proactive in the way we engage and build relationships with iwi-Māori in our region/districts and will affect other factors such as employment, land use and tourism.

Strategic Issue 5: Reliable and affordable infrastructure

Planned well, infrastructure can lift productivity, ensure a robust and secure system of basic services and support a high-quality living environment. We will come under pressure to make infrastructure investments so we need to understand long-term trends.

Community outcomes

Community outcomes

The community outcomes are the Bay of Plenty Regional Council's response to the strategic issues. The community outcomes serve to focus effort and prioritise what we do, after taking into account our role and the roles of others. The five community outcomes are:

- Water quality and Quantity
- Environmental Protection
- Resilience and Safety
- Regional Collaboration and Leadership
- Economic Development

Water Quality and Quantity

Our water and land management practices maintain and improve the quality and quantity of the region's water resources. We spend 23% of our budget on this outcome.

What happens on the land affects our water quality. We see pockets of poor water quality in our region, like algal blooms on Rotorua Lakes caused by effluent and nutrients flowing into the water, and poor water clarity caused by sediment. This can only be prevented by managing land use.

The major projects we are doing over the next few years to improve Water Quality and Quantity are:

- Completing the Lake Rotorua nutrient management plan change supported by incentive schemes to improve water quality by reducing nutrient run off and replanting gorse with native plants
- Completing the Region-wide Water Quantity plan change to ensure water use is fair and sustainable
- Implementing the National Policy Statement for Freshwater starting with Water Quality and Quantity plan changes for the Rangitāiki and Kaituna catchments
- Delivering the Tikitere Diversion

In addition to these major projects we also support stream fencing and riparian planting across the region, invest in science to better understand the causes of poor water quality, and work to delivery improvement agreed through co-governance fora.

Environmental Protection

We maintain and enhance regional biodiversity and our air, land, freshwater, geothermal and coastal resources for the benefit of our communities. We support others to do the same. We spend 32% of our budget on this outcome.

It is essential to maintain a natural environment that retains the Bay's natural resources. We must ensure the right balance between industry and growth and their effects on the environment.

The major projects we are doing over the next few years to improve Environmental Protection are:

- Providing grants for waste water upgrades for Te Puna West, Ongare Point, Lake Rotoiti, and Lake Rotoma
- Delivering the Kopeopeo canal remediation to remove dioxin and protect the environment and people's health
- Delivering the Kaituna River re-diversion to improve the environment by recreating wetlands and protecting waterway margins

In addition to these major projects we also provide regulatory resource consent and pollution prevention services, support biodiversity sites, contain pest species, and work with the community and volunteers to improve local environments.

Resilience and Safety

Our planning and infrastructure provides resilience to natural hazards and flooding so that our communities' safety is improved and maintained. We spend 16% of our budget on this outcome.

Flooding is a serious problem in our region. We need to be ready for major civil defence emergencies, and be able to help our community and neighbours and ensure we are all prepared.

The major projects we are doing over the next few years to improve Resilience and Safety are:

- Delivering the Rangitāiki floodway widening to improve resilience to flooding
- Providing Civil Defence Emergency Management (CDEM) services to the Council, as well as regional emergency management leadership
- Complete the Natural Hazards plan change.

In addition to these major projects we manage river and drainage schemes across the region and participate in emergency management exercises.

Regional Collaboration and Leadership

We have established the region's priorities and strategic direction with our partners and communities. We have collaborated to achieve integrated planning across the Bay of Plenty. We spend 15% of our budget on this outcome.

The Bay is known for collaboration with Māori and the community is more involved with decision making than ever before. We continue to focus on spatial planning including the Regional Development Plan and sub-regional plans.

The major projects we are doing over the next few years to improve Regional Collaboration and Leadership are:

- Developing spatial plans including the Regional Development Plan and determining the level and focus of any funding support we may provide through an Infrastructure Funding Policy
- Completing Regional Policy Statement changes
- Developing and implementing hapū and iwi resource management plans
- Working with co-governance fora and implementing our role in treaty settlements

In addition to these major projects we also maintain scientific, geospatial and technical information across the region and support community groups with grants.

Economic Development

We facilitate and enable initiatives that boost the region's economic performance. We spend 14% of our budget on this outcome.

A thriving economy is the engine room for a healthy region and adds to our well-being.

The major projects we are doing over the next few years to improve Economic Development are:

- Providing Regional Infrastructure Fund grants for the Scion innovation centre, Tauranga Tertiary Campus, Opotiki Harbour Transformation, and Tauranga Marine Precinct to accelerate economic development
- Continually updating economic sector strategies
- Providing electronic ticketing and a real time passenger information system for buses

In addition to these major projects we also facilitate the Bay of Connections economic development group and provide bus services in the region.

Further information

Further information

Much of the information provided in this document is a summary of information available in other public documents. Readers who want more information should refer to Council's website (www.boprc.govt.nz) or call 0800 884 880 for a copy of any Council published document.

The Local Government Act requires that the following information is provided for residents and ratepayers of the Bay of Plenty Regional Council:

- Summary balance sheet
- Funding impact statement
- Financial strategy limits on rates, borrowing and returns on investments
- The major projects for the next three years

The following published and audited documents are available:

- Annual Report 2013/14
- Annual Report 2014/15
- Annual Plan 2016/17
- Long Term Plan 2015-2025

This Report has a particular focus on financial information, as required by the Act. This includes how the Council is performing financially, including the current strength of its financial position. It also provides information on the major projects the Council expects to deliver over the next three years.

While this Report has not been the subject of a review by Council's external auditors the majority of the source information has been externally audited.

Financial statements

Financial statements

The following pages set out a summary of Council's balance sheet, funding impact statements and financial strategy limits on rates, borrowing and return on investment.

<u>How to read and interpret the information in this report</u>

Financial information is provided from a variety of sources and is either historical - when it relates to previous financial years, or forecast - when it relates to the current or future financial years. Information for 2016/17 has been provided to aid comparison.

The financial statements set out information for financial periods, in seven columns:

- The first two are for 2013/14 and 2014/15 and come from the most recent audited financial statements.
- The next column is the forecast end of year figures for 2015/16.
- The column headed “Annual Plan 2016/17” provides the budget figures for this current financial year.
- The final three columns provide information relating to 2017/18, 2018/19, and 2019/20 extracted from the adopted 2015-2025 Long Term Plan.

Financial information is provided in a summary format showing figures rounded to thousands of dollars. The columns are headed “$000” which means that a number expressed as “425” is actually $425,000.

<u>Explanation for notable differences between years</u>

Balance sheet

The summary figures from the Balance Sheet provide actual and forecast levels of all assets and liabilities of the Council as at the end of the financial year.

The notable differences between years are:

- Reduction in *Council's Equity*

Council's equity is expected to reduce as reserves are being used to fund Council Activities.

- Reduction of *Non-Current Assets - Other financial assets*

The Council’s investment into regional infrastructure including Council infrastructure and assisting others to develop infrastructure through direct funding grants and the Regional Infrastructure Fund reduces reserves over time.

Funding impact statement

The summary of the Funding Impact Statement shows how the Council funds its activities, where the funding comes from, including income from rates, and how the funds are applied.

The notable difference between years is:

- Reduction in *Reserves*

The Council’s investment into regional infrastructure including Council infrastructure and assisting others to develop infrastructure through direct funding grants and the Regional Infrastructure Fund reduces reserves over the next three years.

Balance sheet

	Annual Report		Forecast Annual Report	Election Year Annual Plan	Long Term Plan 2015-2025		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Current assets	$000	$000	$000	$000	$000	$000	$000
Cash and cash equivalents	50,710	10,615	16,117	15,363	9,211	6,476	3,763
Other financial assets - current	1,514	28,800	25,173	21,826	11,372	11,702	12,026
Trade and other receivables	11,347	13,836	14,265	14,683	10,095	6,884	5,646
Inventories	195	229	234	239	214	220	226
Total current assets	**63,766**	**53,480**	**55,789**	**52,111**	**30,892**	**25,282**	**21,662**
Non-current assets							
Trade and other receivables	4,940	3,705	3,322	4,553	7,968	6,680	5,359
Property, plant and equipment	273,799	280,635	287,068	310,589	344,739	361,222	371,571
Intangible assets	2,800	4,085	6,227	7,445	10,203	11,313	10,811
Other financial assets - long term	148,845	151,631	142,831	115,599	90,870	61,976	48,834
Investment in subsidiaries	1,877	1,877	1,944	1,944	1,944	1,944	1,944
Total non-current assets	**432,261**	**441,933**	**441,392**	**440,130**	**455,724**	**443,135**	**438,520**
Total assets	**496,027**	**495,413**	**497,181**	**492,241**	**486,616**	**468,417**	**460,182**
Current liabilities							
Trade and other payables	11,959	9,528	9,738	9,923	13,110	13,451	13,828
Employee benefit liabilities	2,862	3,069	2,993	3,050	3,007	3,085	3,172
Total current liabilities	**14,821**	**12,597**	**12,731**	**12,973**	**16,117**	**16,536**	**17,000**
Non-current liabilities							
Employee benefit liabilities	855	951	1,091	1,112	1,080	1,108	1,139
Borrowings							
Provisions							
Put option	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Derivative financial instruments	-	-	-			-	-
Total non-current liabilities	**39,855**	**39,951**	**40,091**	**40,112**	**40,080**	**40,108**	**40,139**
Total liabilities	**54,676**	**52,548**	**52,822**	**53,085**	**56,197**	**56,644**	**57,138**
Total net assets	**441,351**	**442,865**	**444,359**	**439,156**	**430,419**	**411,773**	**403,043**

	Annual Report		Forecast Annual Report	Election Year Annual Plan	Long Term Plan 2015-2025		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	$000	$000	$000	$000	$000	$000	$000
Equity							
Retained earnings	140,537	141,637	141,972	159,909	196,299	200,941	184,942
Reserves	300,814	301,228	302,387	279,247	234,120	210,832	218,101
Total Equity	**441,351**	**442,865**	**444,359**	**439,156**	**430,419**	**411,773**	**403,043**

Funding impact statement

	Annual Report		Forecast Annual Report	Election Year Annual Plan	Long Term Plan 2015-2025		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	$000	$000	$000	$000	$000	$000	$000
Sources of operating funding							
General rates, uniform annual general charges, rates penalties	16,545	17,450	18,479	20,467	21,987	23,286	24,663
Targeted rates	14,548	14,638	15,636	15,866	19,034	21,604	22,027
Subsidies and grants for operating purposes	7,763	9,645	10,950	15,664	13,566	15,176	15,549
Fees and charges	8,806	9,245	10,313	8,948	10,162	10,576	11,006
Interest and dividends from investments	25,994	26,537	30,682	29,835	29,426	28,399	28,094
Local authorities fuel tax, fines, infringement fees and other receipts	4,720	3,607	4,588	2,917	5,679	5,822	6,203
Total operating funding	**78,376**	**81,122**	**90,648**	**93,697**	**99,854**	**104,863**	**107,542**
Applications of operating funding							
Payments to staff and suppliers	80,027	78,913	84,849	100,047	110,822	123,626	115,953
Finance costs	34	0	0	0	0	0	0
Other operating funding applications	22	9	220	125	645	774	888
Total applications of operating funding	**80,083**	**78,922**	**85,069**	**100,172**	**111,468**	**124,400**	**116,841**
Surplus (deficit) of operating funding	**(1,707)**	**2,200**	**5,579**	**(6,476)**	**(11,613)**	**(19,537)**	**(9,299)**
Sources of capital funding							
Subsidies and grants for capital expenditure	627	50	13	75	250	2,178	0
Development and financial contributions	0	0	0	0	0	0	0
Increase (decrease) in debt	891	190	0	0	0	0	0
Gross proceeds from sale of assets	346	217	74	406	323	198	286
Lump sum contributions	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0
Total sources of capital funding	**1,864**	**457**	**87**	**481**	**573**	**2,376**	**286**

	Annual Report		Forecast Annual Report	Election Year Annual Plan	Long Term Plan 2015-2025		
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	$000	$000	$000	$000	$000	$000	$000
Applications of capital funding							
Capital expenditure							
- to meet additional demand	0	0	0	0	0	0	0
- to improve levels of service	8,643	5,226	8,055	18,457	16,745	14,301	5,836
- to replace existing assets	3,750	4,916	2,880	5,103	8,043	4,017	3,437
Increase (decrease) in reserves	(12,986)	(8,168)	(5,867)	(30,152)	(36,924)	(36,709)	(19,579)
Increase (decrease) of investments	750	683	597	597	1,095	1,230	1,293
Total applications of capital funding	**157**	**2,657**	**5,665**	**(5,995)**	**(11,041)**	**(17,161)**	**(9,013)**
Surplus (deficit) of capital funding	**1,707**	**(2,200)**	**(5,578)**	**6,476**	**11,613**	**19,537**	**9,299**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Note: This financial statement excludes:							
Depreciation and amortisation	5,468	5,671	5,339	5,816	7,451	7,658	7,139
Loss on sale of property, plant and equipment	74	10	62	0	0	0	0
Investment amortisation	(533)	(390)	0	0	0	0	0
Fair value of cashflow hedges	274	0	0	0	0	0	0
Gain on sale of property, plant and equipment	(164)	(85)	0	0	0	0	0
Fair value of receivables	0	628	0	0	0	0	0

Rates information

	Annual Report 2013/14		Annual Report 2014/15		Forecast Annual Report 2015/16	
	$000	$000	$000	$000	$000	$000
	Planned	**Actual**	**Planned**	**Actual**	**Planned**	**Estimated Actual**
General Rates	16,895	16,770	18,169	17,617	18,341	18,667
Targeted Rates	15,529	14,629	18,205	14,812	15,691	15,779
less: remissions	-	(307)	-	(343)	-	(331)
Total Rates	**32,424**	**31,092**	**36,374**	**32,086**	**34,032**	**34,115**
Rates Increase %						
General Rates	7.50%	4.70%	7.50%	1.30%	9.50%	6.0%
Targeted Rates	6.30%	0.30%	17.20%	1.70%	5.28%	6.4%

The major drivers for rates increases over the past few years are major projects and delivery on our community outcomes.
Borrowing ratios

	Policy limits	**Annual Report**		**Forecast Annual Report**
		2013/14	**2014/15**	**2015/16**
Net interest expense as a percentage of total revenue	<20%	-14%	-12%	-9%
Net external debt as a percentage of total revenue	<175%	-190%	-173%	-154%
Net interest as a percentage of annual rates income	<25%	-36%	-32%	-23%
Available Financial Accommodation as a percentage of external debt (Liquidity)	>110%	498%	474%	378%

Council currently has no external borrowing, the only external debt is trade payables and the Perpetual Preference Share Put Option.

Return on investments

	Annual Report 2013/14		Annual Report 2014/15		Forecast Annual Report 2015/16	
	$000	$000	$000	$000	$000	$000
	Planned	**Actual**	**Planned**	**Actual**	**Planned**	**Estimated Actual**
Interest	12,196	11,759	11,386	10,750	10,348	9,970

Economic indicators have been predicting an increase in interest rates for each of the past three years. The market has not recovered in line with these indicators. This has had a noticeable effect on cash holdings returns, and minimal effects on the investment fund returns that carry a longer maturity date. The investment fund returns will be less in the coming years as re-investment rates are lower.

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