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# LONG-TERM PLAN AMMENDMENT 2020



**ROTORUA**  
**LAKES COUNCIL**  
Te Kaunihera o ngā Roto o Rotorua

# Long-term Plan Ammendment

## **SEWERAGE AND SEWAGE (WASTEWATER)**

Rotorua Lakes Council has agreed to enter into a 10-year collaborative contract with a consortium for the delivery of wastewater related services, including the operation of wastewater treatment plants, network maintenance and renewals. The goal is to ensure a stable, reliable and safe network.

Council has identified a changing environment in the wastewater services activity driven by expected new regulation, environmental standards, growth demand and costs associated with new reticulations, increased electricity costs, higher repairs and maintenance costs on an ageing system.

Following a long evaluation of the options and an extensive procurement process, Council arrived at a proposal to mitigate the identified risks to the activity through a 10 year Performance Specified Maintenance and Operations contract. Council agreed to adopt this contract on 29 July.

As this is a significant change to the method of delivery for the service and it is for one of the Council's core network services, it has involved an amendment to the Long Term Plan 2018-2028. In the following pages you will find the changes to the Long Term Plan 2018-2028 that relate to the Sewerage and sewage (wastewater) activity.

The amendment reflects Council's decisions and includes:

**Council ownership/control** – Council will continue to own all of the assets and will retain the direct control of the levels of service, the funding decisions for the service, and primary accountability for the reliability of the service.

**Cost certainty** – Entering into a commercial agreement via the proposed performance-specified contract will ensure network operations, network maintenance and critical assets renewals are managed holistically and effectively, within a well-defined cost envelope that provides certainty to the ratepayer during the course of the contract term. Council retains decision-making regarding any wishes to accelerate rejuvenation of network assets beyond the level currently considered critical.

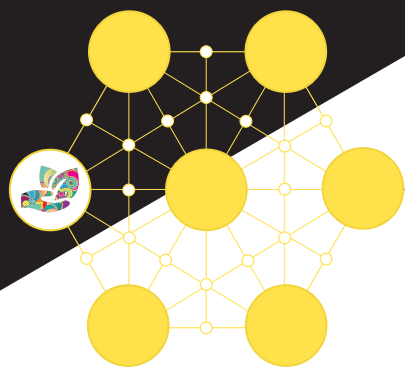
**Employment and career growth for local people** – Locals will, predominantly, be employed to deliver the service. Current operations staff at the wastewater treatment plant have been offered full employment under conditions accepted by them and their union representatives. The proposed contract will provide further opportunities for ongoing training and development that do not currently readily exist.

**Qualified engineering capability maintained by Council** – Council's approach is based on the premise that there will always be a demand and need to maintain suitably qualified engineering capability to undertake all strategic services planning, asset management decision-making, growth master planning, asset policy development, oversight of the contract compliance and service performance monitoring.

**Opportunities and access to the latest science, research and technology** - Due to Rotorua's size, this type of knowledge and expertise is scarce. Access to such expertise and knowledge via a commercial contract, with specialised companies who work in the sector and have direct links to the latest international innovations, best practice, and science and technology developments, will improve the ability to deliver leading edge core services and protect the system from critical failure.

The overall financial impact resulting from the new contract (cost certainty and risk premium), along with new assets being added to the network (Rotoiti/Rotoma sewerage scheme) increased operational costs (electricity) and the rising costs of maintenance and repairs has altered the costs of this activity from what was currently planned in the Long-term Plan. The amendment to the Long-term Plan will address the year 2020/21 (year three of the current plan) onwards.

The financial statements provide for the contract becoming fully functioning from 1 October 2020. This allows for a transition period to complete the formalities of the contract and to effectively transition staff and employment contracts for those currently at the wastewater treatment plant. Current wastewater costs are provided for the period 1 July 2020 to 30 September 2020. From October onwards the costs provide for full operation within the contract.



## sewerage + sewage

ROTORUA VISION 2030 GOAL = ENHANCED ENVIRONMENT

### WHY WE DO IT?

To provide for the removal of sewage and liquid trade wastes from communities, to promote public health and minimise the impact of communities on the environment.

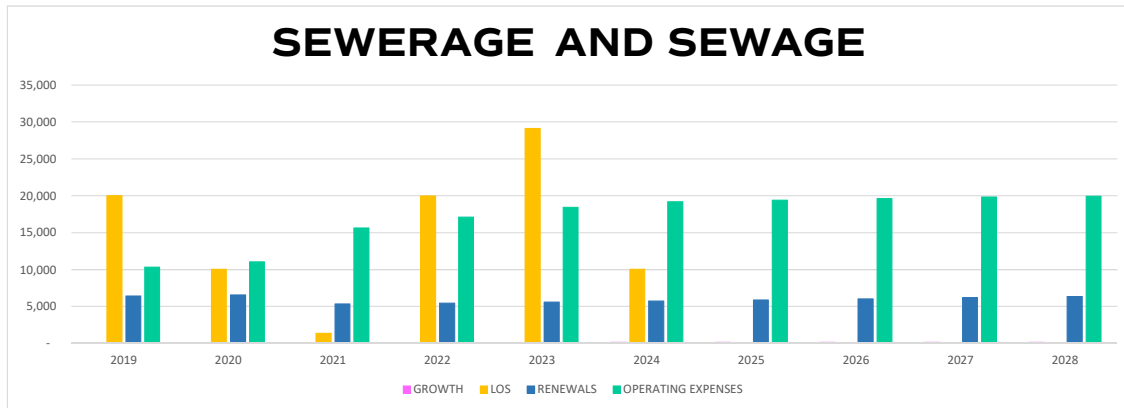
### ACTIVITIES INCLUDE:

This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua (Ngongotaha, city and eastern suburbs) as well as identified rural lakeside communities.

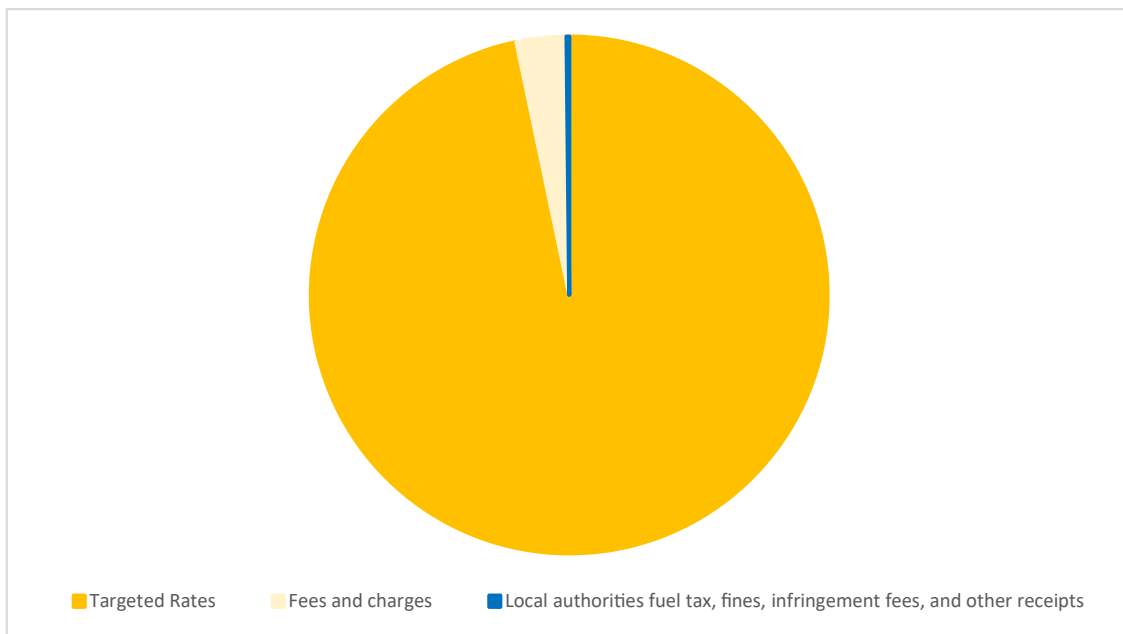
### WHAT YOU CAN EXPECT FROM US?

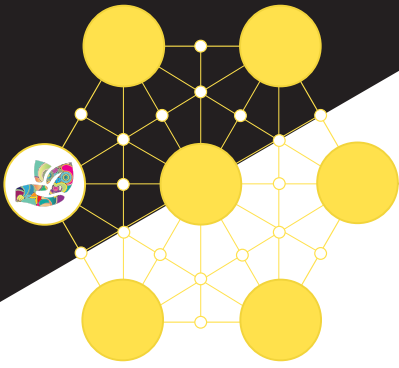
ACTIVITY	LEVEL OF SERVICE	HOW WILL IT BE MEASURED?	CURRENT TARGET	2018/19 TARGET	2019/20 TARGET	2020/21 TARGET	2021 - 2028 TARGET	DATA SOURCE
Sewerage and sewage	System and adequacy	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	≤ 5 / 1000 connections	≤ 5 / 1000 connections	≤ 5 / 1000 connections	≤ 5 / 1000 connections	≤ 5 / 1000 connections	SQL Reports from Hansen and Ozone Data
	Discharge compliance	"Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents."	0	0	0	0	0	Resource Consent Database
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤60 minutes	≤60 minutes	≤60 minutes	≤60 minutes	≤60 minutes	SQL Reports from Hansen
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤ 180 minutes	≤ 180 minutes	≤ 180 minutes	≤ 180 minutes	≤ 180 minutes	SQL Reports from Hansen
	Customer satisfaction	"The total number of complaints received by the territorial authority about any of the following: · sewerage odour · sewerage system faults · sewerage system blockages, and · the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system"	≤ 10 / 1000 connections	≤ 10 / 1000 connections	≤ 10 / 1000 connections	≤ 10 / 1000 connections	≤ 10 / 1000 connections	Resource Consents Database

### THE COST TO DELIVER THIS ACTIVITY



### HOW WE WILL FUND THIS ACTIVITY





continued...

## CAPITAL EXPENDITURE

### **East Rotoiti/Rotoma Sewerage Scheme**

Council committed in the 2017/18 Annual Plan to a reticulated sewerage scheme for East Rotoiti/Rotomā following engagement with the community during the past few years and with significant support from the community to proceed with the scheme.

There are about 700 properties in the proposed service area for this scheme, which will replace current septic tanks.

Properties will connect to a stand-alone wastewater treatment plant which will treat wastewater to a very high standard before it is discharged to land. The total estimated capital cost of the scheme is \$35.3 million which will largely be covered by subsidies from:

- Ministry of Health - \$4.46 million
- Bay of Plenty Regional Council - \$8.6 million
- Ministry for Environment - \$11.6 million
- Rotorua Lakes Council - \$1.15 million

The balance (\$9.4 million) will initially be funded by Rotorua Lakes Council and repaid by ratepayers receiving the service through targeted rates. Individual households will make an upfront payment of \$14,100 (GST inclusive) or pay \$1,080 (GST inclusive) per annum over 25 years.

For Rotomā this will be in 2018/2019 and for Rotoiti in 2019/2020. Properties connected to the scheme as at 1 July 2018 will be charged the pan charge, the same as everyone in the district. Upon completion of the entire scheme, property owners will be required to contribute their capital contribution.

(page 78, 79, 80, 81) of the existing Long Term Plan 2018-2028

<b>CAPITAL SPEND: SEWERAGE + SEWAGE</b>								
<b>Project</b>	<b>Project type</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024-2028</b>	<b>Total Budget</b>
District Sewerage Scheme Enhancements	LOS	\$19,000,000	\$9,300,000	\$1,000,000	\$2,000,000	\$9,900,000	\$8,900,000	\$50,100,000
Rotorua Waste Water Treatment Plant Enhancements	LOS	\$1,000,000	\$500,000	\$300,000	\$16,600,000	\$16,600,000	\$-	\$35,000,000
Waste Water Network Expansion	Growth	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$600,000	\$1,200,000
Waste Water Network Renewals	Renewal	\$6,400,000	\$6,400,000	\$5,081,574	\$5,081,574	\$5,081,574	\$25,407,870	\$53,452,592
<b>TOTAL</b>		<b>\$26,520,000</b>	<b>\$16,320,000</b>	<b>\$6,501,574</b>	<b>\$23,801,574</b>	<b>\$31,701,574</b>	<b>\$34,907,870</b>	<b>\$139,752,592</b>

<b>SIGNIFICANT EFFECTS OF PROVIDING THIS ACTIVITY</b>	
<b>ISSUE/RISK/NEGATIVE IMPACT</b>	<b>ACTION PLAN</b>
Greater quantities of sewage and sludge due to increasing population and business activity.	Ongoing asset and activity management planning to ensure infrastructure has the required capacity.
Environmental impact of sewage on lake water quality.	Ongoing management and capital works to ensure that Resource Consent conditions are met.
Sewage overflows during wet weather.	Planned replacement and/or upgrades of pipework and infrastructure.
Odour from wastewater treatment plant sludge.	Ensure that parameters within odour management plan are complied with.

## ROTORUA LAKES COUNCIL: FUNDING IMPACT STATEMENT (SEWERAGE AND SEWAGE)

ROTORUA LAKES COUNCIL: FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)	Annual Plan Budget 2017/18 (\$000)	LONG-TERM PLAN									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	14,410	14,109	15,610	21,079	22,641	30,549	32,427	26,680	27,210	28,323	28,986
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	646	694	711	728	745	763	782	803	823	846	869
Internal charges and overheads recovered	675	528	542	554	567	581	595	611	627	644	662
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	19	39	40	41	42	43	44	46	47	48	49
<b>Total operating funding (A)</b>	<b>15,750</b>	<b>15,370</b>	<b>16,904</b>	<b>22,402</b>	<b>23,996</b>	<b>31,936</b>	<b>33,849</b>	<b>28,139</b>	<b>28,707</b>	<b>29,860</b>	<b>30,567</b>

<b>Applications of operating funding</b>											
Payments to staff and suppliers	5,521	6,021	6,162	10,421	11,346	11,612	11,895	12,197	12,507	12,836	13,187
Finance costs	538	1,636	2,072	2,251	2,706	3,718	4,149	4,046	3,897	3,780	3,563
Internal charges and overheads applied	3,845	2,664	2,815	2,964	3,051	3,104	3,142	3,175	3,219	3,212	3,213
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,904</b>	<b>10,321</b>	<b>11,049</b>	<b>15,636</b>	<b>17,103</b>	<b>18,434</b>	<b>19,186</b>	<b>19,418</b>	<b>19,623</b>	<b>19,828</b>	<b>19,963</b>

<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5,846</b>	<b>5,049</b>	<b>5,855</b>	<b>6,766</b>	<b>6,892</b>	<b>13,502</b>	<b>14,664</b>	<b>8,722</b>	<b>9,085</b>	<b>10,032</b>	<b>10,604</b>
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<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	5,400	12,285	4,562	928	-	3,574	3,663	-	-	-	-
Development and financial contributions	-	-	-	262	268	275	282	289	297	305	313
Increase (decrease) in debt	4,600	9,186	6,311	(1,139)	18,397	17,509	(2,715)	(2,996)	(3,210)	(3,999)	(4,401)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of Capital Funding (C)</b>	<b>10,000</b>	<b>21,471</b>	<b>10,873</b>	<b>52</b>	<b>18,666</b>	<b>21,357</b>	<b>1,230</b>	<b>(2,707)</b>	<b>(2,913)</b>	<b>(3,694)</b>	<b>(4,088)</b>

<b>Applications of Capital Funding</b>											
Capital expenditure											
· to meet additional demand	-	120	123	126	129	132	135	139	142	146	150
· to improve the level of service	11,020	20,000	10,045	1,363	19,973	29,139	10,031	-	-	-	-
· to replace existing assets	2,349	6,400	6,560	5,329	5,457	5,588	5,727	5,876	6,029	6,192	6,365
Increase (decrease) of investments	2,477	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,846</b>	<b>26,520</b>	<b>16,728</b>	<b>6,818</b>	<b>25,558</b>	<b>34,859</b>	<b>15,894</b>	<b>6,015</b>	<b>6,172</b>	<b>6,338</b>	<b>6,515</b>

<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5,846)</b>	<b>(5,049)</b>	<b>(5,855)</b>	<b>(6,766)</b>	<b>(6,892)</b>	<b>(13,502)</b>	<b>(14,664)</b>	<b>(8,722)</b>	<b>(9,085)</b>	<b>(10,032)</b>	<b>(10,604)</b>
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<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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## ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE:

ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	Annual Plan Budget 2017/18 (\$000)	LONG-TERM PLAN									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Revenue</b>											
Rates	81,058	87,536	93,381	101,913	106,089	116,125	119,968	117,121	121,054	125,224	129,674
Targeted Rates for Water Supply	4,238	4,981	5,106	5,233	5,348	5,477	5,614	5,760	5,909	6,069	6,239
Development and Financial Contributions	-	-	-	1,048	1,072	1,098	1,125	1,154	1,184	1,216	1,250
Subsidies and Grants (incl Capital)	19,400	28,653	28,973	18,125	9,226	13,020	13,335	9,912	10,169	10,442	10,733
Other Revenue	16,446	15,955	16,956	19,672	20,185	20,634	21,075	21,607	22,177	22,803	23,502
Finance Income	134	134	137	140	143	147	150	154	158	162	166
Gains	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>121,276</b>	<b>137,260</b>	<b>144,553</b>	<b>146,131</b>	<b>142,064</b>	<b>156,501</b>	<b>161,267</b>	<b>155,708</b>	<b>160,650</b>	<b>165,916</b>	<b>171,565</b>
<b>Expenditure</b>											
Personnel Costs	25,055	25,509	25,991	26,436	26,913	27,402	27,923	28,458	29,032	29,619	30,248
Depreciation and Amortisation Expense	24,842	23,773	25,852	28,231	29,848	31,183	32,879	34,053	35,008	35,799	36,328
Other Expenses	50,120	59,709	61,414	67,886	69,732	71,300	72,925	74,253	76,079	78,015	79,389
Finance Costs	7,457	8,054	9,741	10,909	11,842	13,221	13,794	13,722	13,257	12,856	12,068
<b>Total Operating Expenditure</b>	<b>107,474</b>	<b>117,046</b>	<b>122,998</b>	<b>133,462</b>	<b>138,334</b>	<b>143,105</b>	<b>147,521</b>	<b>150,485</b>	<b>153,376</b>	<b>156,290</b>	<b>158,033</b>
<b>Surplus/(Deficit) for the Period</b>	<b>13,802</b>	<b>20,214</b>	<b>21,555</b>	<b>12,670</b>	<b>3,730</b>	<b>13,395</b>	<b>13,746</b>	<b>5,223</b>	<b>7,274</b>	<b>9,626</b>	<b>13,533</b>
Loss for the Period from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Before Tax</b>	<b>13,802</b>	<b>20,214</b>	<b>21,555</b>	<b>12,670</b>	<b>3,730</b>	<b>13,395</b>	<b>13,746</b>	<b>5,223</b>	<b>7,274</b>	<b>9,626</b>	<b>13,533</b>
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) After Tax</b>	<b>13,802</b>	<b>20,214</b>	<b>21,555</b>	<b>12,670</b>	<b>3,730</b>	<b>13,395</b>	<b>13,746</b>	<b>5,223</b>	<b>7,274</b>	<b>9,626</b>	<b>13,533</b>
<b>Other Comprehensive Income</b>											
Revaluation on Property, Plant and Equipment	28,910	15,860	30,663	11,450	23,709	38,666	14,150	28,338	47,915	17,205	34,564
Revaluation on Intangibles	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fair Value of Investments	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fair Value of Hedges	-	-	-	-	-	-	-	-	-	-	-
<b>Other Comprehensive Income</b>	<b>28,910</b>	<b>15,860</b>	<b>30,663</b>	<b>11,450</b>	<b>23,709</b>	<b>38,666</b>	<b>14,150</b>	<b>28,338</b>	<b>47,915</b>	<b>17,205</b>	<b>34,564</b>
<b>Total Other Comprehensive Income</b>	<b>42,712</b>	<b>36,074</b>	<b>52,218</b>	<b>24,120</b>	<b>27,439</b>	<b>52,061</b>	<b>27,896</b>	<b>33,561</b>	<b>55,189</b>	<b>26,831</b>	<b>48,097</b>

## ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF FINANCIAL POSITION

ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF FINANCIAL POSITION	Annual Plan Budget 2017/18 (\$000)	LONG-TERM PLAN									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Assets</b>											
Current Assets											
Cash & Cash Equivalents	1,000	1,153	1,326	1,502	1,681	1,874	2,070	2,280	2,504	2,742	2,997
Debtors & Other Receivables	13,945	17,275	17,655	18,043	18,440	18,864	19,298	19,761	20,255	20,782	21,343
Inventories	153	-	-	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	4,000	2,000	1,400	800	1,000	1,000	1,000	1,000	1,000	-
<b>Total Current Assets</b>	<b>15,098</b>	<b>22,428</b>	<b>20,980</b>	<b>20,945</b>	<b>20,922</b>	<b>21,738</b>	<b>22,368</b>	<b>23,041</b>	<b>23,759</b>	<b>24,524</b>	<b>24,340</b>
<b>Non-Current Assets</b>											
Loans & Receivables	15,000	14,400	14,400	12,400	10,400	8,400	5,900	5,900	3,100	3,100	900
Property Plant & Equipment	1,148,134	1,202,230	1,281,596	1,323,143	1,372,048	1,444,695	1,474,356	1,503,728	1,549,951	1,567,041	1,600,072
Investment Property	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	3,318	4,280	5,663	4,531	3,400	2,329	1,657	986	314	-	-
Other Financial Assets	38,039	34,950	34,950	34,950	34,950	34,950	34,950	34,950	34,950	34,950	34,950
<b>Total Non-Current Assets</b>	<b>1,204,491</b>	<b>1,255,860</b>	<b>1,336,609</b>	<b>1,375,024</b>	<b>1,420,798</b>	<b>1,490,374</b>	<b>1,516,863</b>	<b>1,545,564</b>	<b>1,588,315</b>	<b>1,605,091</b>	<b>1,635,922</b>
Total Assets	1,219,589	1,278,288	1,357,589	1,395,969	1,441,719	1,512,112	1,539,232	1,568,605	1,612,075	1,629,616	1,660,262
<b>Liabilities</b>											
<b>Current Liabilities</b>											
Creditors & Other Payables	24,677	25,101	25,653	26,218	26,795	27,411	28,041	28,714	29,432	30,197	31,013
Provisions	300	200	204	209	213	218	223	229	235	241	247
Employee Benefit Liabilities	3,304	3,173	3,243	3,314	3,387	3,465	3,545	3,630	3,720	3,817	3,920
Borrowings	37,763	32,400	15,000	20,000	20,000	5,000	6,700	6,000	11,000	10,000	10,000
Derivative Financial Instruments	397	-	-	-	-	-	-	-	-	-	-
Taxation Payable	-	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	246	246	246	246	246	246	246	246	246	246
<b>Total Current Liabilities</b>	<b>66,441</b>	<b>61,120</b>	<b>44,347</b>	<b>49,987</b>	<b>50,641</b>	<b>36,340</b>	<b>38,755</b>	<b>38,819</b>	<b>44,633</b>	<b>44,501</b>	<b>45,426</b>
<b>Non-Current Liabilities</b>											
Borrowings	136,700	172,230	215,254	223,021	239,805	271,541	267,432	262,238	243,733	233,576	214,170
Provisions	1,916	2,235	2,284	2,334	2,386	2,441	2,497	2,557	2,621	2,689	2,761
Employee Benefit Liabilities	25	105	107	110	112	115	117	120	123	126	130
Total Non-Current Liabilities	138,641	174,570	217,645	225,465	242,303	274,097	270,046	264,915	246,477	236,391	217,061
Total Liabilities	205,082	235,690	261,992	275,452	292,944	310,437	308,802	303,734	291,110	280,892	262,487
<b>Net Assets</b>	<b>1,014,507</b>	<b>1,042,598</b>	<b>1,095,598</b>	<b>1,120,517</b>	<b>1,148,775</b>	<b>1,201,675</b>	<b>1,230,430</b>	<b>1,264,872</b>	<b>1,320,965</b>	<b>1,348,724</b>	<b>1,397,775</b>
<b>Net Assets/Equity</b>											
<i>Capital Contributed by</i>											
Accumulated Comprehensive Revenue and Expenses	709,742	726,614	748,169	760,840	764,570	778,163	791,910	797,133	804,806	814,433	827,964
Restricted Equity	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662
Reserves	299,104	309,558	340,221	351,671	375,380	414,047	428,196	456,534	504,449	521,653	556,218
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total Net Assets / Equity</b>	<b>1,014,508</b>	<b>1,041,835</b>	<b>1,094,053</b>	<b>1,118,173</b>	<b>1,145,612</b>	<b>1,197,872</b>	<b>1,225,768</b>	<b>1,259,329</b>	<b>1,314,917</b>	<b>1,341,748</b>	<b>1,389,844</b>

## ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED

ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED	Annual Plan Budget 2017/18 (\$000)	LONG-TERM PLAN									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Balance as at 1 July</b>	971,796	1,005,760	1,041,834	1,094,052	1,118,172	1,145,611	1,197,672	1,225,569	1,259,129	1,314,319	1,341,149
Total Comprehensive Income as Stated	42,712	36,074	52,218	24,120	27,439	52,061	27,896	33,561	55,189	26,831	48,097
Balance at 30 June	1,014,508	1,041,834	1,094,052	1,118,172	1,145,611	1,197,672	1,225,569	1,259,129	1,314,319	1,341,149	1,389,246
<b>Total Comprehensive Income attributable to:</b>	<b>42,712</b>	<b>36,074</b>	<b>52,218</b>	<b>24,120</b>	<b>27,439</b>	<b>52,061</b>	<b>27,896</b>	<b>33,561</b>	<b>55,189</b>	<b>26,831</b>	<b>48,097</b>

Footnote: Opening position of equity has been reforecast from budget to achieve a more reliable starting point

## ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF CASHFLOWS

ROTORUA LAKES COUNCIL: PROSPECTIVE STATEMENT OF CASHFLOWS	Annual Plan Budget 2017/18 (\$000)	LONG-TERM PLAN									
		2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
<b>Cash Flows from Operating Activities</b>											
Receipts from Rates Revenue	85,296	92,179	98,106	106,758	111,040	121,178	125,148	122,418	126,469	130,766	135,352
Receipts from Customers and Other Services	16,446	15,955	16,956	20,719	21,258	21,732	22,200	22,761	23,361	24,019	24,753
Receipts from Grants & Subsidies	19,400	28,653	28,973	18,125	9,226	13,020	13,335	9,912	10,169	10,442	10,733
Goods and Services Tax (Net)	-	-	-	-	-	-	-	-	-	-	-
Interest Received	134	134	137	140	143	147	150	154	158	162	166
Dividends Received	-	-	-	-	-	-	-	-	-	-	-
Payments to Suppliers	(50,120)	(58,453)	(59,954)	(66,393)	(68,205)	(69,705)	(71,292)	(72,545)	(74,294)	(76,148)	(77,434)
Payments to Employees	(25,055)	(25,509)	(25,991)	(26,436)	(26,913)	(27,402)	(27,923)	(28,458)	(29,032)	(29,619)	(30,248)
Interest Paid	(7,457)	(8,054)	(9,741)	(10,909)	(11,842)	(13,221)	(13,794)	(13,722)	(13,257)	(12,856)	(12,068)
Income Tax Refund/(Paid)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash from Operating Activities</b>	<b>38,644</b>	<b>44,904</b>	<b>48,487</b>	<b>42,005</b>	<b>34,708</b>	<b>45,748</b>	<b>47,824</b>	<b>40,520</b>	<b>43,573</b>	<b>46,766</b>	<b>51,255</b>
<b>Cash Flows from Investing Activities</b>											
Proceeds from Medium Term Investments	-	600	-	2,000	2,000	2,000	2,500	-	2,800	-	2,200
Proceeds from Sale of Property, Plant and Equipment	1,051	2,000	4,000	2,000	1,400	800	1,000	1,000	1,000	1,000	1,000
Proceeds from Community Loan Repayments	-	-	-	-	-	-	-	-	-	-	-
Purchase of Property, Plant and Equipment	(47,059)	(77,580)	(77,938)	(58,597)	(54,712)	(65,092)	(48,718)	(35,416)	(33,644)	(36,370)	(34,795)
Loan Advances Made	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of Other Investments	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash from Investing Activities</b>	<b>(46,008)</b>	<b>(74,980)</b>	<b>(73,938)</b>	<b>(54,597)</b>	<b>(51,312)</b>	<b>(62,292)</b>	<b>(45,218)</b>	<b>(34,416)</b>	<b>(29,844)</b>	<b>(35,370)</b>	<b>(31,595)</b>
<b>Cash Flows from Financing Activities</b>											
Proceeds from Borrowings	7,363	30,230	25,624	12,767	16,784	16,736	-	-	-	-	-
Payments of Borrowings	-	-	-	-	-	-	(2,409)	(5,894)	(13,505)	(11,157)	(19,405)
<b>Net Cash from Financing Activities</b>	<b>7,363</b>	<b>30,230</b>	<b>25,624</b>	<b>12,767</b>	<b>16,784</b>	<b>16,736</b>	<b>(2,409)</b>	<b>(5,894)</b>	<b>(13,505)</b>	<b>(11,157)</b>	<b>(19,405)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>153</b>	<b>172</b>	<b>176</b>	<b>180</b>	<b>192</b>	<b>197</b>	<b>210</b>	<b>224</b>	<b>239</b>	<b>254</b>
Cash and Cash Equivalents at Beginning of the Year	1,000	1,000	1,153	1,326	1,502	1,681	1,874	2,070	2,280	2,504	2,742
<b>Cash and Cash Equivalents at end of the Year</b>	<b>1,000</b>	<b>1,153</b>	<b>1,326</b>	<b>1,502</b>	<b>1,681</b>	<b>1,874</b>	<b>2,070</b>	<b>2,280</b>	<b>2,504</b>	<b>2,742</b>	<b>2,997</b>



# DISCLOSURE STATEMENTS

Long-term plan disclosure statement for period commencing 1 July 2018

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks, to enable an assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Long-term Plan in accordance with 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.

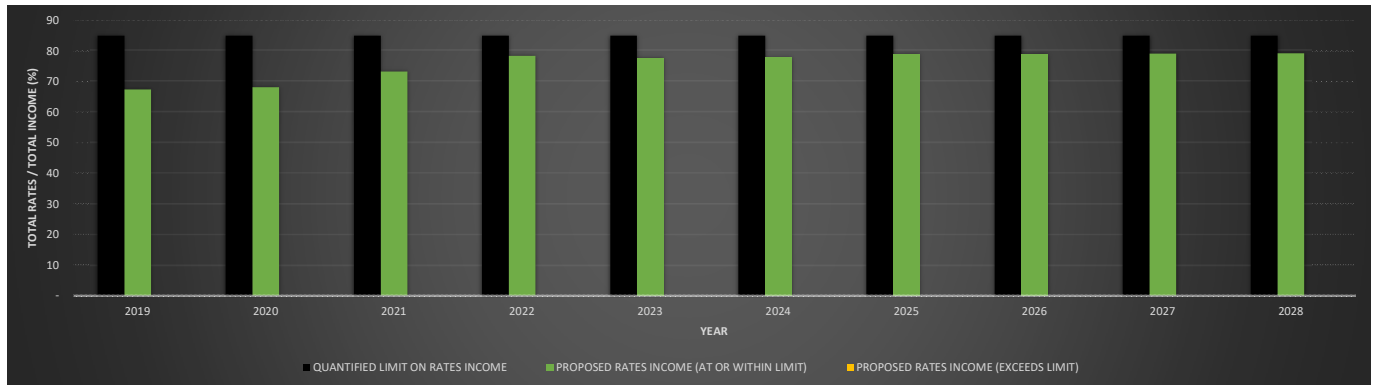
## Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

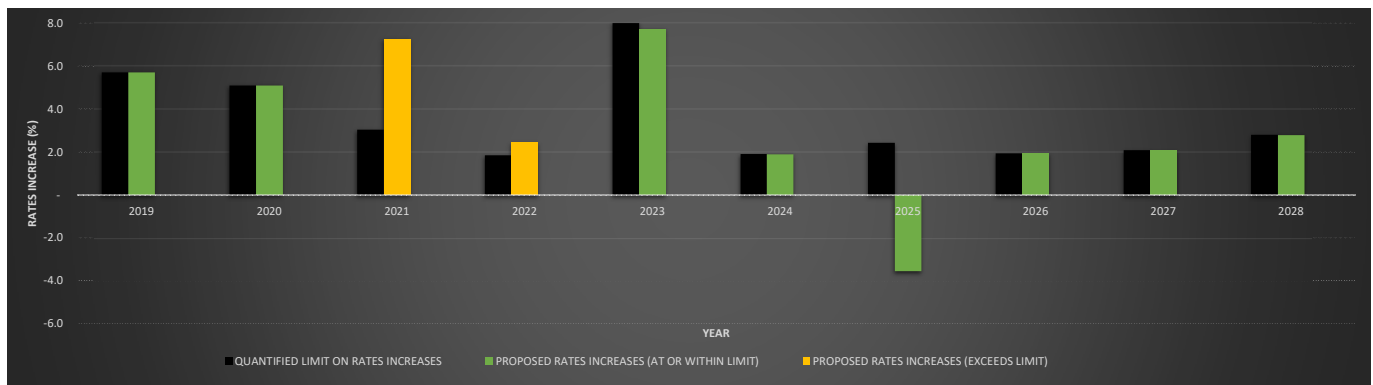
## Rates (income) affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 85%.



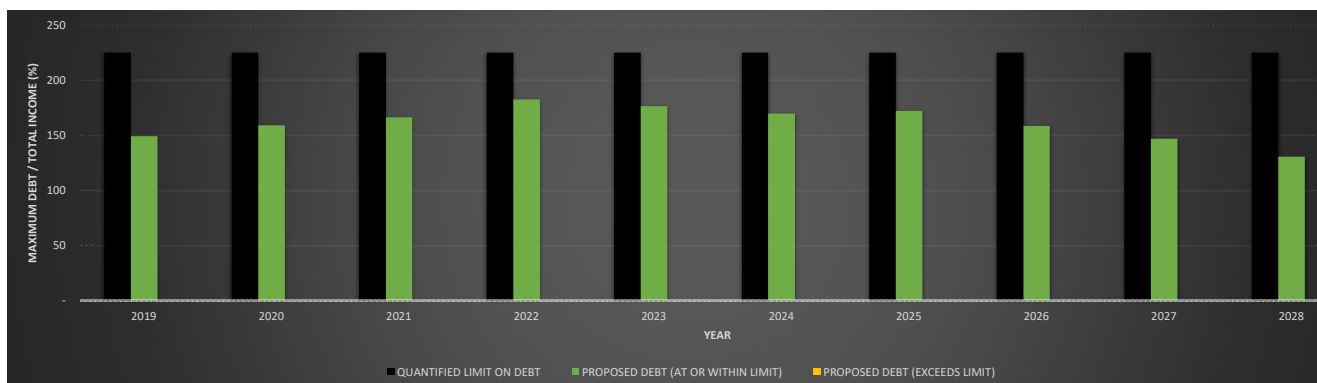
## Rates (increases) affordability

The following graph compares the Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-term Plan. Insert graph rates increases



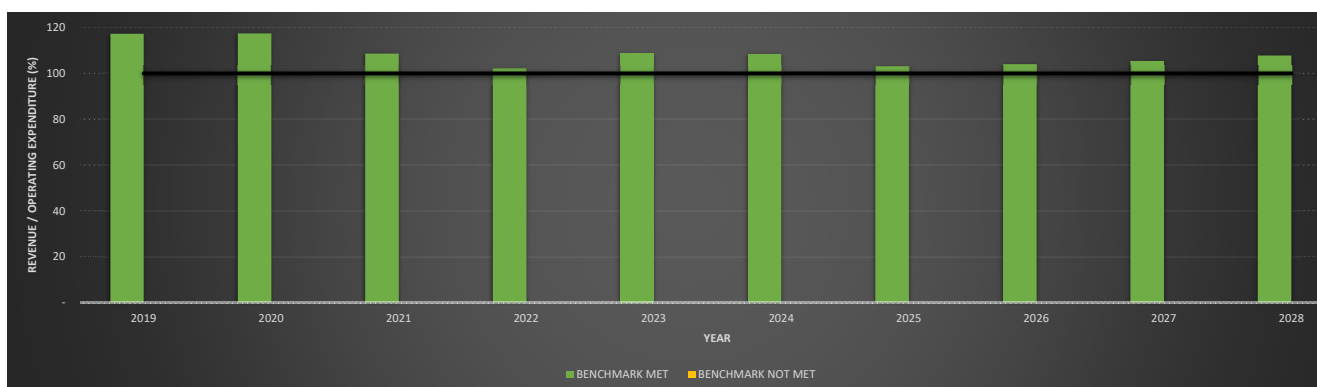
### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Long-term Plan. The quantified limit is that total debt will be lower than 225% of total income.



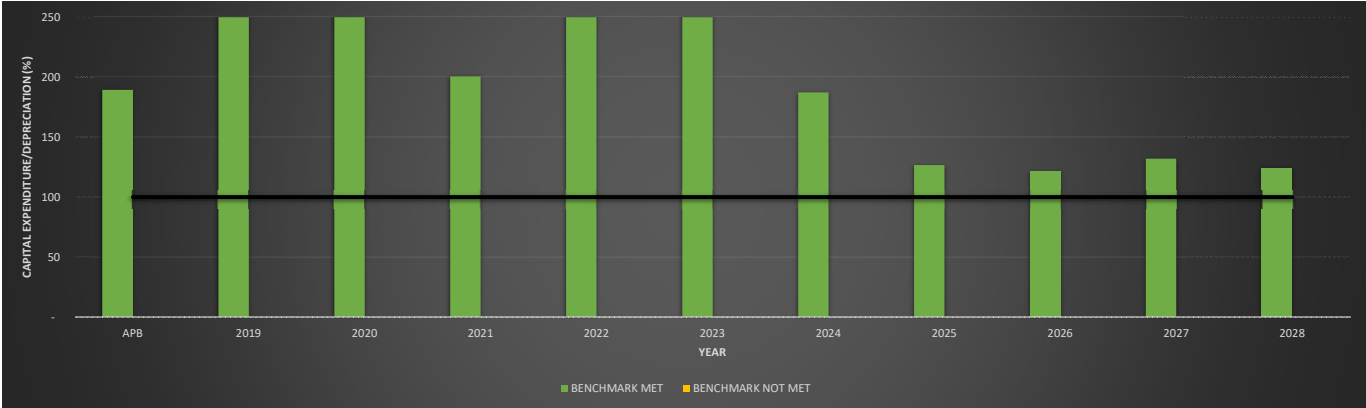
### Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



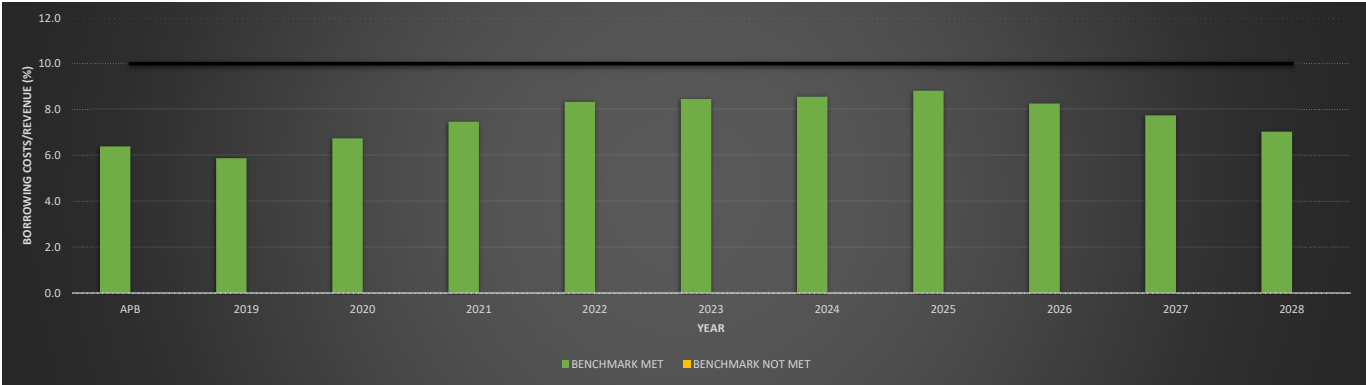
### Essential services benchmark

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 planned 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 are equal or is less than 10% of its revenue.







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**LONG-TERM PLAN  
AMMENDMENT 2020**

**ROTORUA**  
**LAKES COUNCIL**  
Te Kaunihera o ngā Roto o Rotorua