ROTORUA LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

Kaupapataka

Agenda

NOTICE OF A MEETING

OF

COUNCIL

Date: **Wednesday 28 October 2026**

Time: **9:30 am**

Venue: **Council Chamber**

MEMBERSHIP

Chair Mayor Tapsell

Members

Deputy Mayor Kai Fong (Deputy Chair)
Cr Barker
Cr Brown
Cr Lee
Cr Wang
Cr Maxwell
Cr Paterson
Cr Raukawa-Tait
Cr Sandford
Cr Temara-Benfell

Quorum 6

Andrew Moraes
Chief Executive



NGĀ TUKUNGA HAEPAPA A TE KAUNIHERA
COUNCIL DELEGATIONS

Type of Committee	Governing Body
Subordinate Committees	• Infrastructure Committee • Audit & Risk Committee • Te Arawa 2050 Vision Committee • Chief Executive Performance Review Committee • District Licencing Committee • Dog Control Panel
Legislative Basis	Section 11, Local Government Act 2002 Schedule 7, Clause 32 (1), Local Government Act 2002
Purpose	The purpose of the Council is to make decisions on all matters that cannot be delegated, that it has not delegated, or that it has had referred to it by staff or a committee.
Membership	Mayor (Chair) Deputy Mayor (Deputy Chair) All councillors
Quorum	6
Meeting frequency	Monthly
Delegations	Powers Council is prohibited from delegating: • the power to make a rate. • the power to make a bylaw. • the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-term Plan. • the power to adopt a long-term plan, annual plan, or annual report. • the power to appoint a chief executive. • the power to adopt policies required to be adopted and consulted on under the LGA 2002 in association with the long-term plan, or developed for the purpose of the local governance statement. • the power to adopt a remuneration and employment policy. Responsibilities retained by Council include: • The power to set and support strategies in measures related to emergency matters. • All the powers, duties and discretions under the Civil Defence Act.

	• The development and approval of long-term plans, annual plans, bylaws and council policies, through hearings, deliberations and adoption. • The power to make resolutions required to be made by a local authority under the Local Electoral Act 2001. • The power to acquire property in accordance with the Long-term Plan. • The power to carry out disposals in accordance with the Long-term Plan. • All duties in regard to Council-Controlled Organisations, including making and removing appointments, advising on the content of Statements of Expectations and Statements of Intent, and monitoring the financial and non-financial performance of CCO's. • The management of council's planning, monitoring, education and enforcement activities. • The development and approval of district plan reviews and changes. • The development and implementation of economic strategies and frameworks. • The development and implementation of a destination management plan. • The revitalised growth and development of the Central Business District. • The management of district growth and development. • Any decision required by resolution of the local authority, not already delegated.
Relevant Statutes	All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.
Limits to Delegations	Powers that cannot be delegated to committees a per the Local Government Act 2002 Schedule 7 S32.

Order of Business

1 Karakia Whakapuaki – Opening Karakia 5

2 Ngā Whakapāha – Apologies 5

3 Whakapuakitanga Whaipānga – Declarations of Interest 5

4 Ngā Take Whawhati Tata Kāore I Te Rārangi Take – Urgent Items not on the Agenda 5

5 Te Whakaū I Ngā Meneti – Confirmation of Minutes 6

6 Te Papa Kōrero mō te Tūmatawhānui – Public Forum 6

7 He Puka Inoi Tūmatawhānui – Public Petitions 6

8 Ngā Whakamōhiotanga Mōtini – Notices of Motion 7

8.1 Notice of Motion - Cr Wang 7

9 Ngā Tāpaetanga – Presentations 11

9.1 Update on lakeweed findings – Land Information New Zealand 11

10 Pūrongo Kaimahi – Staff Reports 12

10.1 CCO Quarterly Report - RotoruaNZ - Q1 - FY2027 12

10.2 Community Experience Dashboard 31

10.3 Initial Direction and Presentation for Potential Alcohol Fees Bylaw 54

10.4 Long-Term Plan 2027-2037 Programme Update 71

10.5 Adoption of the 2025/26 Annual Report 73

10.6 Renewal of the Arts Village Lease 76

11 He Whakataunga Kia Huri Atu Te Aronga O Te Hui Ki Te Hui Tūmataiti – Resolution to Move into Public Excluded (to Consider and Adopt Confidential Items) 110

Nil

12 Te Karakia Whakamutunga – Closing Karakia 110

1 KARAKIA WHAKAPUAKI – OPENING KARAKIA

TŪTAWA MAI	TŪTAWA MAI
Tūtawa mai i runga	I summon from above
Tūtawa mai i raro	I summon from below
Tūtawa mai i roto	I summon from within
Tūtawa mai i waho	I summon the surrounding environment
Kia tau ai te mauri tū	The universal vitality and energy to infuse and
Te mauri ora, ki te katoa	enrich all present
Hāumi e. Hui e. Tāiki e!	Enriched, unified and blessed

2 NGĀ WHAKAPĀHA – APOLOGIES

The Chair invites notice from members of:

1. Leave of absence for future meetings of the Council; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

3 WHAKAPUAKITANGA WHAIPĀNGA – DECLARATIONS OF INTEREST

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

4 NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE – URGENT ITEMS NOT ON THE AGENDA

Items of business not on the agenda which cannot be delayed

The Chair will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of Rotorua Lakes Council

The Chair shall state to the meeting.

3. The reason why the item is not on the agenda; and
4. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Rotorua Lakes Council. s.46A (7), LGOIMA

Discussion of minor matters not on the agenda.

Minor Matters relating to the General Business of the Rotorua Lakes Council.

The Chair shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Rotorua Lakes Council for further discussion

s.46A (7), LGOIMA

5 TE WHAKAŪ I NGĀ MENETI – CONFIRMATION OF MINUTES

Nil

6 TE PAPA KŌRERO MŌ TE TŪMATAWHĀNUI – PUBLIC FORUM

The Council has set aside time for members of the public to speak in the public forum at the commencement of each Council meeting.

7 HE PUKA INOI TŪMATAWHĀNUI – PUBLIC PETITIONS

Nil

8 NGĀ WHAKAMŌHIOTANGA MŌTINI – NOTICES OF MOTION

8.1 NOTICE OF MOTION - CR WANG

Attachments: **1. Notice of Motion - Cr Wang received 13 October 2026**

I, Councillor Fisher Wang, give notice that at the next Ordinary Meeting of Council to be held on 28 October 2026, I intend to move the following motion:

MOTION

1. **That the Notice of Motion 'Inner City Parking: Cost-Benefit Review and Community Consultation' be received.**

2. **That Council:**

   (a) Direct the Chief Executive to explore the ability for Council to implement free 60-minute parking coverage throughout the inner city, without the registration of a licence plate, and report back to Council before consultation on the Long Term Plan begins; and

   (b) Consult with the community on parking fees and zoning as part of the Long Term Plan 2027–2037, including the information arising from resolution 2(a); and

   (c) Direct the Chief Executive to prepare a report on the total costs and benefits to Rotorua associated with the new parking changes, including the economic impact on businesses in the inner city, informed by an independent external review scoped and costed by the Chief Executive, to be presented to Council before consultation on parking fees and zoning under resolution 2(b).

Tēnā koe,

Notice of Motion – Inner City Parking: Cost-Benefit Review and Community Consultation

In accordance with Council's Standing Orders, I give notice that I intend to move the following motion at the next ordinary meeting of Council:

1. **That the Notice of Motion 'Inner City Parking: Cost-Benefit Review and Community Consultation' be received.**

2. **That Council:**

   (a) **Direct the Chief Executive to explore the ability for Council to implement free 60-minute parking coverage throughout the inner city, without the registration of a licence plate, and report back to Council before consultation on the Long Term Plan begins; and**

   (b) **Consult with the community on parking fees and zoning as part of the Long Term Plan 2027–2037, including the information arising from resolution 2(a); and**

   (c) **Direct the Chief Executive to prepare a report on the total costs and benefits to Rotorua associated with the new parking changes, including the economic impact on businesses in the inner city, informed by an independent external review scoped and costed by the Chief Executive, to be presented to Council before consultation on parking fees and zoning under resolution 2(b).**

Why I am bringing this motion

In March 2026 Council adopted the Traffic Bylaw 2026, the Parking Policy 2026 and the Parking Management Guidelines 2026. The new pay-by-plate system has been in operation since 1 July 2026, and there has now been adequate time to assess its impact on Rotorua.

The reports that informed those decisions set out the proposed changes, the consultation results and the legal framework. They did not include the following economic and financial information:

- The December 2025 report approving consultation stated that "all costs have been accounted for within existing budgets", but contained no revenue projections, cost estimates or proposed fee amounts.
- The March 2026 adoption report described the budgetary considerations as "minimal" and noted that "there is no larger review of fees or charges in this report".
- Neither report assessed the economic impact of the changes on inner-city businesses, and alternative models such as a free first period of parking were not assessed as options in their own right.

Over the last several months I have heard steady negative feedback from visitors, residents, and inner-city businesses about the parking changes and how they have affected business in Rotorua. I have also received feedback about the boundaries of the existing free 60-minute parking area, which stop partway along adjacent streets. The review should consider extending these boundaries to provide a more consistent and easily understood parking area, including for people visiting businesses further along those streets. Council's decisions on zoning and fees do not reflect the sentiment I have heard in the community.

Alignment with the Local Government Act 2002

The Local Government (System Improvements) Amendment Act 2026 has refocused the purpose of local government on meeting community needs for good-quality local infrastructure, public services and regulatory functions in a cost-effective way, and on supporting local economic growth and development. Council's parking decisions were made before these changes and have not been tested against them.

I am seeking information that demonstrates whether the current parking system is the most cost-effective option available to Council, and whether its costs outweigh its benefits. Future decisions on parking should align with the new purpose set out in the Act.

Options for Council's decision

Option 1: Adopt the Notice of Motion

Resolution 2(a) asks the Chief Executive to explore whether free 60-minute parking can be implemented throughout the inner city without the registration of a licence plate. This responds directly to the feedback I have heard from the community and inner-city businesses, and is consistent with the Parking Policy 2026, which already provides for free, time-limited parking areas. The advice should cover the enforcement method, implementation costs, any implications for existing contracts or the pay-by-plate system, and the expected impact on parking revenue and turnover. This advice should come back to Council before consultation on the Long Term Plan begins, so that free 60-minute parking can be included as an option in that consultation.

Resolution 2(c) asks for a report on the total costs and benefits of the parking changes, informed by an independent external review, before consultation on parking fees and zoning, so that consultation is based on evidence rather than assumptions. At a minimum, I expect the report to set out:

- the full capital and operating costs of the current parking system, including the move in-house, technology, enforcement and administration;
- actual parking revenue since 1 July 2026 compared with the previous system;
- the economic impact on inner-city businesses, including foot traffic, turnover and occupancy data where available;
- whether the current system is the most cost-effective option available to Council, assessed against the amended purpose of local government; and
- the financial consequences of alternative options, including free 60-minute parking.

Resolution 2(b) asks that parking fees and zoning be consulted on as part of the Long Term Plan 2027–2037, informed by the work under resolutions 2(a) and 2(c). This gives the community a genuine say on parking fees and zoning, with clear options to choose between, and allows parking to be considered alongside Council's other priorities and their effect on rates.

This motion does not pre-empt the outcome of the review. It asks for the information Councillors need to make a fully informed decision, and for that information to be put to the community before any further changes are made. Adopting it would give Councillors the cost, revenue and economic information that was not included in the reports supporting the parking decisions, and would align

future parking decisions with the amended purpose of local government, including cost-effectiveness and support for local economic growth.

Option 2: Do not adopt the Notice of Motion

Retaining the status quo would provide certainty for parking users and staff by keeping the settings adopted in March 2026. It would avoid the staff time and cost of preparing a cost-benefit report and exploring a free parking option, and would avoid any immediate risk to parking revenue.

However, Council would continue to operate a parking system without evidence that it is the most cost-effective option or that its benefits outweigh its costs, and future parking decisions would not be tested against the amended purpose of local government. The concerns raised by the community and inner-city businesses would not be formally assessed or answered, and the community would not be given a clear opportunity to have a real say on fees and zoning. Given the feedback I have received and the change to the purpose of local government, I do not consider the status quo to be appropriate.

Financial considerations

The reports supporting the adoption of the Traffic Bylaw and Parking Policy stated that costs were met within existing budgets, but did not include revenue projections, a breakdown of the costs of the new system, or an assessment of its economic impact. Council therefore does not currently have the information it needs to assess the financial implications of the changes. I am seeking a full report that clearly sets out the financial impact of the changes, and the financial consequences of alternative options such as free 60-minute parking.

To ensure all financial considerations are properly assessed, resolution 2(c) requires that report to be informed by an independent external review, scoped and costed by the Chief Executive, so that Councillors and the community can have confidence that the costs, benefits and economic impact have been assessed objectively and in full.

Community engagement

Inner-city parking is a matter of high importance to the district and has attracted considerable community interest. Any change to parking fees and zoning should be informed by engagement with the community, with easy to digest information and clear options, including free 60-minute parking, so people can have a real say on a parking system that is fit for purpose and reflects the needs of our community. Mana whenua should also be given the opportunity to comment through consultation, should they consider this matter important to them.

This motion does not predetermine any change to parking settings. It seeks the information and community input Council needs before making any further decision.

I would be grateful if this notice of motion could be included on the agenda for the next ordinary meeting of Council.

Ngā mihi,

Councillor Fisher Wang - Mover
Rotorua Lakes Council

Councillor Te Rika Temara-Benfell - Seconder
Rotorua Lakes Council

9 NGĀ TĀPAETANGA – PRESENTATIONS

9.1 UPDATE ON LAKEWEED FINDINGS – LAND INFORMATION NEW ZEALAND

10 PŪRONGO KAIMAHI – STAFF REPORTS

10.1 CCO QUARTERLY REPORT - ROTORUANZ - Q1 - FY2027

Prepared by: Andrew Wilson, Chief Executive, RotoruaNZ

Approved by: Andrew Wilson, Chief Executive, - Rotorua NZ

Attachments: 1. RotoruaNZ Quarterly Report Q1 - FY27

1. TE PŪTAKE
PURPOSE

The purpose of this report is to present the quarterly update from RotoruaNZ as required in the Statement of Intent.

HE TŪTOHUNGA
RECOMMENDATION

1. That the report 'CCO Quarterly Report - RotoruaNZ - Q1 - FY2027' be received.



CCO Quarterly Report

RotoruaNZ Limited

Report Writer: Andrew Wilson

Report Approver: Andrew Wilson

ROTORUA

RotoruaNZ Limited CCO Quarterly Report

Q1 FY27 (1 July – 30 September 2026)

What we're working towards

The purpose of RotoruaNZ is to 'unlock the economic potential of Rotorua.' This reflects RotoruaNZ's primary role as the Regional Tourism Organisation (RTO) and Economic Development Agency (EDA). RotoruaNZ will continue to work as a key partner in the economic development components of Rotorua Lakes Council's 2024-2034 Long Term Plan outcomes and priorities. We'll look to the Te Arawa 2050 Vision to understand and intertwine the moemoea and aspirations identified by Te Arawa whānui. RotoruaNZ will work in partnership with Te Arawa to:

- Support Māori economic development aspirations
- Strengthen Māori participation in investment opportunities
- Promote Rotorua's unique cultural identity
- Support Rotorua Reo Rua
- Ensure Te Arawa perspectives inform destination and economic development priorities

The strengths of our region include our people, the natural environment, our vibrant and expressive Māori culture and the rich, invigorating experiences that are accessible to all. We'll continue to leverage these strengths in our positioning and marketing of Rotorua to the rest of New Zealand and the world.

Our core activities:

Marketing and Communications - Strengthen place brand equity through promotion of Rotorua as a world-class destination, and positioning of RotoruaNZ as a trusted partner

We will focus on building upon Rotorua's reputation as a vibrant world-class visitor destination in a way that is authentic and meaningful to both visitors and local community. Our stories will reflect the destination brand and focus on both our people and place, ensuring our destination values are well understood and resonate with our target audiences.

We will work in partnership with other RTO's, airlines and tourism industry bodies to develop and enhance international marketing activity to drive visitation from key markets. We will ensure regular communication with stakeholders that is relevant and meaningful. We will ensure Rotorua is recognised as an attractive place to live, work and play, and a viable investment destination in areas of comparative advantage including the priority sectors of Tourism and Visitor Economy, Geothermal and Renewable Energy, Forestry, Wood Processing and Bioeconomy, and Advanced Manufacturing and Energy Intensive Industries.

Delivery of the Rotorua events strategy - strengthening Rotorua's reputation, enhancing vibrancy and delivering economic impact

We will provide a range of activities, events and experiences that connect and engage our community. We will continue to deliver events that support local business opportunities, stimulate our economy and promote our district. Major events and venues are about showcasing and leveraging event venues, attractions and services in Rotorua. Our major venues include the Sir Howard Morrison Centre and the Energy Events Centre.

We will focus on executing against the Rotorua events strategy, with an emphasis on economic growth, building brand Rotorua and vibrancy outcomes. We will take a focused and transparent approach to the allocation of resource and budget, ensuring clear line of sight with the events strategy.

Destination Sales - Deliver sales through international trade, business events, and education activity.

We will develop and deliver key strategies for optimising growth of the visitor economy for the destination through venue programming, business events, tourism trade, and the Rotorua Education Network.
As the convention bureau for Rotorua, we will focus on successfully bidding for conferences, incentives and meetings. We'll be recognised as a one of New Zealand's top 5 destinations for business events and conference delivery through the provision of outstanding local knowledge and high-quality service tailored to the needs of the business events markets both domestic and international.
We will coordinate and represent Rotorua operators in key international markets. Our focus is on growing the value of international visitation through the trade channel to the local community.

Visitor services and venue operations: Providing high quality service delivery across operational teams

We will focus on enhancing the customer and visitor experience in the delivery of services across our operational teams. This includes but is not limited to the customer service interactions, provision of technology, audiovisual, food & beverage and other services that are central to the customer experience. We will focus on the efficiency of delivery in the management of and operations in the venues.
We will ensure we deliver outstanding visitor services where they are most needed by being strategic about where our i-SITE centres operate. We will provide innovative and relevant booking services and industry knowledge to cater schools, sporting codes and other groups who choose to locate themselves in Rotorua for educational or extracurricular purposes.

Delivering sales to the key commercial venues (Energy Events Centre and Sir Howard Morrison Centre)

Across our venues, we will focus on the attraction of commercial clients which maximise revenue, wider economic benefit and cost recovery for RotoruaNZ, in alignment with the Rotorua events strategy. This will continue to be balanced against community events, ensuring a particular focus on the performing arts at Sir Howard Morrison Centre.

Strategy and Investment - Delivering economic development initiatives, with a strategic focus on priority sectors - tourism and forestry - and facilitating investment attraction.

We will proactively attract investment, talent and enterprise to Rotorua, focusing on sectors where Rotorua possesses natural, cultural and economic competitive advantages. We will leverage our connections with regional and central government agencies, the private sector and education providers to identify trends and market information that will support continued investment and reinvestment decision-making by local businesses and landowners. This will include the continued support of economic growth and innovation through the provision of research and insights.
We will work with partners to foster growth, connectivity, innovation and collaboration across both our districts, and business needs. This includes continued efforts to strengthen our relationships with Te Arawa

iwi and mana whenua in support of their economic development aspirations. We will work closely with council to implement the Rotorua Industrial Land Strategy, to guide the priorities for investment and development of industrial land and commercial business parks. We will provide advocacy and policy input, in response to central and local government priorities in line with council direction (e.g. government reforms or legislative change). We will take a leadership role in responding to government's regional economic development policy and infrastructure settings, In line with council direction.

Progress against SOI

Quarterly Highlights

Marketing and Communications – Strengthen place brand equity through promotion of Rotorua as a world-class destination, and positioning of RotoruaNZ as a trusted partner

RotoruaNZ launched new digital and place-promotion assets, introduced always-on destination advertising and refreshed trade and business events collateral during Q1. Communications supported investment initiatives, industry engagement and promotion of the events programme. July and September website sessions remained below the prior year.

Destination Marketing and Visitor Demand

RotoruaNZ strengthened its digital visitor experience through refreshed website content and new pages supporting trip planning and the Live, Work, Invest proposition. Always-on advertising and seasonal content promoted Rotorua's experiences, including wellness and Māori culture, while further website improvements were scoped to support discoverability through AI search.

Media and content partnerships extended destination promotion through support for Tourism New Zealand's China-market campaign, Neat Places and a family-focused Kia Ora magazine visit. Together, this work supported destination awareness and helped connect potential visitors with Rotorua's experiences and operators.

Corporate Communications and Place Promotion

The Investment Prospectus was soft-launched through email and the website in July. The Live Work Welcome Guide and Live Work Invest Image Library launched in September, providing new resources for place promotion. Communications and design support also included Investment Summit collateral and completion of BioFactory equity-raise collateral.

Industry engagement included the Tourism Industry Quarterly Update on 11 August and the first AI Roundtable in September. LinkedIn recorded 63,696 impressions across the quarter and closed September with 5,274 followers. Industry emails and event invitations continued. Corporate email open rates were 38% in July, 54% in August and 50% in September. The Rotorua Magazine was finalised and entered production; the Official Visitor Guide redesign remained in progress.

Events and Entertainment

Marketing supported Run the Forest and Rotorua Marathon 2027 through email, social content and event listings. September Auckland roadside displays promoted Whaka100, Legend of the Peaks and Tērā te Auahi.

The Tērā te Auahi summer campaign combined international trade promotion with Stuff.co.nz and Meta advertising. A successful GetYourGuide-to-Ticketmaster test booking was completed on 17 September; remaining distribution approvals and live listings still required confirmation.

Following promotion of the Oceania Rugby 7s launch, RotoruaNZ received formal cancellation advice on 25 September. The team coordinated media and stakeholder communications, reviewed customer refund messaging with Ticketmaster and cancelled or repurposed advertising.

Trade and Business Events

Trade and Business Events collateral was updated for the RotoruaNZ brand refresh. The second and third rounds of Trade Operator Video filming were completed, with editing and publication outstanding at quarter end. The Winter Trade email was sent to 9,452 recipients; the Spring update was prepared for October distribution. China-market messages supported Auckland Airport engagement, and expressions-of-interest material and imagery were prepared for the Kiwi North China 2027 Roadshow. The Trade Manual was updated with current operator and product information.

Business Events support included a completed incentive slide deck, new conference itineraries, Meeting Newz advertising and a delegate dining-offers poster. The Business Events and Activities guides were

updated and printed copies supplied. A revised Business Events Guide template still required content transfer, while webpage improvements and incentive-video edits remained in progress.
Content for the 2027 REN information booklet was completed and approved in September. Printing remained on hold pending an operator update.

Kiwi North campaign evaluation
Vistr's August 2026 evaluation covered Kiwi North's December 2025–June 2026 Australian-market campaign, led by RotoruaNZ for 15 North Island regional tourism organisations. Partners reported 33.7 million paid impressions, 32,368 experience passengers (116% of target) and 685,378 operator leads (104% of target). Rotorua accounted for 32% of Tripadvisor-attributed experience bookings.
Rotorua's January - June 2026 Australian visitor days rose 29.3% and food and beverage spend rose 21.6% against the same-period average for the preceding two years.

Quarter summary
Q1 progressed destination marketing and strengthened the resources supporting tourism, business events and investment attraction. Activity included new visitor website pages, always-on digital advertising, refreshed Trade and Business Events collateral, and the launch of the Live Work Welcome Guide and Live Work Invest Image Library. Industry engagement continued through the Tourism Industry Quarterly Update and the first AI Roundtable. Marketing supported the events and entertainment programme, including Tērā te Auahi, while the cancellation of Oceania Rugby 7s required coordinated stakeholder communications and changes to planned advertising.
The quarter also included the August evaluation of the Kiwi North campaign, which ran from December 2025 to June 2026. Across 15 North Island regions, the campaign generated a reported 33.7 million paid impressions, with Rotorua accounting for 32% of Tripadvisor-attributed experience bookings. These results provide evidence of the earlier campaign's reach and Rotorua's share of attributed bookings. Website performance remained an area for improvement, with September sessions below the previous year and incomplete August data limiting full-quarter reporting. Work continued on operator videos, visitor publications and website improvements to strengthen the visitor journey and visibility in AI search.

Delivery of the Rotorua events strategy - strengthening Rotorua's reputation, enhancing vibrancy and delivering economic impact

Delivery of the Rotorua Events Strategy
Quarter One combined winter event delivery with development of the summer programme and longer-term event opportunities. The period included Matariki and Run the Forest, continued implementation of the Event Investment Fund, and closer operational planning with Rotorua Lakes Council. Event attraction work also identified the investment and venue-readiness requirements that will influence which future opportunities Rotorua can secure.

Major Events Delivery and Development
Matariki delivery was affected by weather. The drone shows scheduled for 9 and 10 July were cancelled because of wind, with the third show taking place on 11 July. The night market operated on all three nights. Operational and senior-management debriefs followed, and planning for the 2027 programme began with consideration of diversifying investment across less weather dependent events and a broader programme of activity.
Run the Forest was delivered on 8 August, supported by pre-event site visits, operational coordination and a partner networking function. The organiser's post-event report recorded 4,961 registrations and estimated 11,090 visitor bed nights and $3.55 million in direct expenditure. Event closeout also included recording value-in-kind support and reviewing options for the 2027 registration and expo venue.

Event Investment Fund agreements for Run the Forest, Legend of the Peaks and the Fishing, Hunting and 4X4 Expo were executed during July. The team also progressed post-event reporting, participant surveys and an activation framework to connect events with local hospitality, accommodation and attractions. New coordination meetings with Council's events, open spaces, stadium and forest teams began in August, improving the opportunity to identify operational requirements earlier.

Future Event Pipeline

Development during the quarter focused on both the upcoming summer programme and opportunities beyond FY27. Key activity included:

8th Wonder Festival: announcement in July, followed by licensing, consenting, site and traffic-management planning for the January 2027 event.

Rotorua Marathon: work with Athletics New Zealand on the 2027 strategy, marketing direction and destination positioning, with entries opening on 1 September.

Tarawera Ultra-Trail: course access, operational and cultural-liaison planning, alongside development of destination activations and visitor offers.

Whaka100 and Aramex Trek the Forest: pre-event coordination, venue arrangements and operational support ahead of their October events.

Venue Sales and Programming

Sir Howard Morrison Centre

The centre's live entertainment and family programme included:

- Chinese Hypnotist Comedy Show in Te Haumako on 12 July.
- The Great Kiwi Circus in Te Haumako on 26 September.
- Extra Lives in Te Haumako and Abracadabra in the Sir Owen Glenn Theatre on 29 September.

The Sir Howard Morrison Centre programme was supported by continued work on technical capability and commercial distribution. July activity included replacement of the Banquet Room's ageing lighting fixtures with moving lights, completion of counterweight refresher training for casual staff, and training for the standing configuration in Te Haumako. Replacement AV network equipment moved into testing, while sound and lighting design work began for Chicago. The centre also provided venue and technical support for Run the Forest registration and expo activity.

Tērā te Auahi remained a focus for the summer programme. During September, the commercial team met with accommodation providers and attraction operators to develop hotel-and-show, dinner-and-show and day-and-evening packages. Work covered referral processes, product combinations and marketing requirements, with sales targeted for October and November. Distribution through online travel agencies remained in development at quarter end because API mapping issues between Ingresso, Ticketmaster and the agencies had delayed the launch but look to be on track for an early Q2 launch.

Energy Events Centre

The Energy Events Centre hosted Harcourts Dancing for Hospice on 19 September, with post-event feedback recognising the delivery team's contribution and widespread praise for the event and venue.

Hunting Fishing and 4x4 Expo was also held successfully in the EEC, expanding its footprint to match the growing size of the event.

Activity at the Energy Events Centre focused on sales readiness, the customer offer and the venue's wider commercial proposition. A new venue floor-plan tool was brought into use, supporting sales planning and event configuration. Montana agreed to remove the $1,000 minimum catering spend for community events,

addressing a barrier raised by customers. Progress was also made to ensure more flexible catering access at Sportsdrome without prejudicing our contract with Montana, allowing Sportsdrome clients hiring that space to cater their own events.

The venue remained central to future Business Events conversion and sponsorship development. Proposals and discussions covered venue sponsorship, advertising assets and preferred suppliers. The security and traffic-management review progressed through pricing and interviews, while cleaning-service requirements were reviewed across EEC, SHMC and the i-SITEs.

Destination Sales Development

International Market Development

International activity focused on India, Australia, North America and China, supported by engagement with New Zealand-based inbound operators. Roadshows included General Travel and KiwiLink in India, Kiwi North in Australia, ANZCRO BONZ across North America and the Auckland Airport roadshow in China. Follow-up centred on strengthening distribution, developing bookable itineraries and increasing Rotorua overnight stays.

An Auckland sales mission helped smaller Rotorua operators introduce their products to inbound operators. Familiarisations, trade training and refreshed sales collateral supported operator readiness and destination awareness. China activity also progressed opportunities in education travel and premium cultural experiences.

RotoruaNZ secured the $994,902 Kiwi North mainland-China funding agreement and continued its co-leadership of the $794,902 Food Trails Aotearoa initiative targeting Australia and the United States. These collaborative programmes support regional campaign activity into Q2. Reporting and evaluation of earlier Ctrip and Kiwi North Australia campaigns were also completed during the quarter, informing subsequent activity.

Forward planning included the October Kiwi North North America roadshow, further inbound-operator familiarisations and the 2027 China roadshow. The next Ctrip campaign and associated airline activity remained in development at quarter end.

Business Events Destination Sales

Business Events activity focused on securing future conferences and incentives, developing client relationships and strengthening Rotorua's venue offer.

Agreements were signed for the NZ Arboricultural Association Conference 2026, and two conferences in 2027. Contract discussions also progressed a significant conference in 2028.

Market development included participation in the NZSAE Associations Matter conference and Incentivise in Sydney, supported by client visits and engagement with BEIA on Australian opportunities. Targeted prospecting sought to bring previous events back to Rotorua, alongside improvements to venue sales tools and account management.

Commercial Partnerships

Commercial Partnerships concentrated on supplier value, partner servicing and developing proposals that better aligned venue and destination assets with prospective partners' objectives. The standard sponsorship agreement template was completed in August. Sponsorship Policy development remained on hold, with draft principles guiding activity in the interim.

The security and traffic-management market review moved from requirements and procurement approval to a request for pricing sent to ten suppliers. Six responses were received and three suppliers were

interviewed by September. A preferred approach was identified for management consideration. Beverage work included analysis of prior-year sales and discussions with major alcohol and soft-drink suppliers about supply, pricing and wider partnership opportunities. Cleaning requirements were reviewed before the next market-testing stage.

Partner servicing included quarterly reviews with Ticketmaster, Vidcom and Event Impressions. The first use of the Universe ticketing platform for the Fishing, Hunting and 4X4 Expo was completed, and the Chiefs partner-impact report was distributed to sponsors. Work also explored extension of existing supplier relationships across more venues, while the proposed Ticketmaster contract extension remained under consideration.

The forward partnership programme included a community-impact proposal for Westpac, sponsorship proposals and discussions with TRN, Unison and MediaWorks, and exploration of student placements with Toi Ohomai. Discussions with Trip.com have commenced to look toward formalising a partnership to better position Rotorua on the largest online travel agent platform in China.

Quarter One Summary

Quarter One advanced Rotorua's trade distribution and future bookings, alongside winter event delivery and improvements to the venue offer. The executed China funding agreement and the Food Trails initiative provide a basis for collaborative campaign activity into Q2, while supplier reviews and partner servicing support the commercial operation of the venues.

Priorities entering Q2 are to convert trade and partnership activity into measurable bookings, complete the venue attendance and utilisation reconciliation, resolve the Tērā te Auahi distribution issues and progress future events against clear operational and venue-readiness requirements. Ongoing attention to delivery, visitor outcomes and commercial return will help the team prioritise resources across this programme.

Visitor services and venue operations - Providing high quality service delivery across operational teams

Sales Performance:

- This quarter shows resilient footfall but weaker sales, particularly over the latest month and three-month period. Sales have been very low which is reflected throughout the country.
- Domestic spend is down significantly compared to last year.
- Foot traffic numbers fell by 5% compared to the same period last year, which is similar to the rest of the i-SITE network. Together, these figures indicate fewer visitors and lower spending.

Staff:

- We continue to support tourism education and pathways into employment. Internships for Toi Ohomai Level 7 tourism students are well underway, while Level 5 students have recently started their work experience. We also support the Gateway programme, providing young secondary school tourism students with practical experience in visitor services.
- The team is helping develop packages for the annual Rotorua Marathon, supporting opportunities to connect event participants and their supporters with local tourism.
- We continue to utilise the casual staff pool to support i-SITE staffing gaps where needed, this is providing welcome work for students during the summer season.

School and Groups Activity:

- Rotorua Education Network has had another busy quarter.
- Almost 252 groups – totalling over 25,000 individual visits to our Tourism operators.

Operations Update

H2S Risk Management & Monitoring

Strong focus for operations at this venue has been to coordinate an upgraded response to H2S risk management and monitoring. The following actions have been developed and implemented:

- Updated SOP for H2S risk management and monitoring.
- H2S spreadsheet created to record daily readings and use as basis for regular review.
- Developed high risk locations H2S venue map.
- Updated opening procedures.
- Introduced new measures to support increased natural ventilation.
- Purchased additional gas readers to assist upgraded response to monitoring.
- Geothermal and gas detector staff training.

Current operating controls are proving effective and will be continually reviewed and maintained until a coordinated permanent mechanical solution is accepted.

Independent review into Catwalk system

Avalon have been engaged to provide an independent review of the EEC Catwalk Access System, equipment and procedures.

The purpose of this engagement is to undertake an expert assessment of the existing fall protection arrangements to determine whether they remain fit for purpose, effective in managing fall-related risks, and aligned with current industry standards, regulatory expectations, and accepted practices across comparable venue operations.

SHMC Banquet Hall Re-Roof Project

The Te Whakaruruhau (Banquet Room) roof replacement has been confirmed for December to February. RotoruaNZ focus is on maintaining appropriate access and loading bay capacity to minimise disruption and support the continued delivery of scheduled events throughout the construction period – including event signage to maintain external promotional opportunities.

Cross-Venue Workforce Development

SHMC staff continue to support customer experience providing front of house service at EEC, while gaining operational experience at the venue.

Casual staff have been supporting i-SITE operations at 3Mirage and Redwoods, strengthening our move towards creating a single casual resource pool.

Strategy and Investment - Delivering economic development initiatives, with a strategic focus on priority sectors - tourism and forestry - and facilitating investment attraction.

- Advanced the Inner City Blueprint through final document review and partner input and linked the development opportunities it identifies with Council's commercial zoning study and work on redevelopment incentives.
- Progressed residential housing-demand research with Veros and Cotality, drawing on market data and local real-estate feedback to inform housing investment opportunities.
- Supported BioFactory's investor-readiness and developer EOI work. Our feedback helped clarify the land and facility requirements, development-partner options and commercial process for the next stage.
- Moved the Te Pūtake o Tawa report towards implementation with CNI Iwi Holdings. Following RECT group sign-off, we scoped staging across the key moves, the governance and operating framework, and the proposed viewing platform.

- Continued support for iwi geothermal investment opportunities, including Waimangu's governance arrangements and progression to full government funding evaluation, and Tāheke 8C's funding pathway and development-partner process.
- Released the Live Work Invest Marketing Toolkit in September, including a Welcome Guide and shared Rotorua imagery for employers, recruiters and investment conversations. Employer feedback included requests for printed guides.
- Progressed the Central North Island Investment Summit with Rotorua Trust, Rotorua Business Chamber and Amplify Taupō, developing the investor list, programme and sponsorship approaches. The summit is now scheduled for 11 March 2027.
- Strengthened tourism-sector support through the Toi Ohomai industry workshop and external testing of the Data Oracle tourism-data tool. We also updated visitor dashboards, added origin and seasonal analysis to the visitor-spend dashboard, and advanced inner-city parking analysis.
- Submitted RotoruaNZ feedback on the IVL Investment Framework and Bay of Plenty Regional Benefit Fund, contributing to the design of funding settings affecting tourism and regional development.

Financial Management

Profit & Loss

RotoruaNZ Limited

For the period 1 July 2026 to 30 September 2026

	YTD Actual	YTD Budget
Income		
Trading income (incl. isite, Venues, Retail)	$973,541	$986,892
Council Funding	$2,318,705	$2,318,706
MBIE Project Funding	$1,130,510	$0
Sundry Income	$205,230	$177,000
Total Income	**$4,627,985**	**$3,482,598**
Expenses		
MBIE Project Costs	$1,130,545	$0
Corporate Overheads (RLC costs through SLA's)	$163,478	$170,001
Event Investment	$498,883	$535,000
Operating Expenses (Admin, Operating, Bank, Directors, R&M)	$540,175	$677,509
Programme Delivery	$464,099	$731,496
Staff Costs	$1,917,532	$2,040,776
Total Expenses	**$4,714,712**	**$4,154,782**
Non-Operating Expenses	**$75,507**	**$31,662**
Net Surplus/(Deficit)	**-$162,235**	**-$703,846**

Non-financial Performance Management

The 2026-27 Key Performance Measures	Achieved 2	On Track 25	Not Available 7	Off Track 0	Not Achieved 0

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
Marketing and communications - *Strengthening Rotorua's reputation and building brand equity*					
Domestic visitor card expenditure at Rotorua merchant point of sale (Marketview, Tourism Tool)	$318.6m	≥ $335m	$50.0m*	**On Track**	* $50.0m for the 2 months to August 2026 Domestic visitor card expenditure in Rotorua is down on the same two months of the previous year, however the expectation is for a strong summer season as a result of the forecast El Nino weather pattern expected to bring a long hot and dry summer to New Zealand. September results are not available at time of report preparation.
International card expenditure at Rotorua merchant point of sale (Marketview, Tourism Tool)	$134.0m	≥ $140m	$13.5m*	**On Track**	* $13.5m for the 2 months to August 2026 International card expenditure is up 10% on the same two months of the previous year and is driven by strong growth in the US market. September results are not available at time of report preparation.
Guest nights stayed in Rotorua commercial accommodation (MBIE, Accommodation Data Programme)	1.967m	≥ 1.967m	278,800*	**On Track**	* 278,800 for the 2 months to August 2026 Guest nights in Rotorua's commercial accommodation are up 15% on the same two months of the previous year and can possibly be at least partly attributed to increased capacity with some new properties opening for business and most of the previously repurposed accommodation during COVID years now being returned to the marketplace. September results are not available at time of report preparation.
% of local visitor economy stakeholders satisfied with RotoruaNZ services (RotoruaNZ, Stakeholder Satisfaction Survey)	72.3%	≥ 70%	NA	**Not Available**	Survey conducted once annually in April-June quarter.
% of domestic travelers that have visited Rotorua overnight within the past 12 months (Angus & Associates, Visitor Insights Programme)	11%	≥ 11%	NA	**Not Available**	Results are reported quarterly and the September results are not available at time of report preparation.

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
% of domestic travelers find Rotorua highly appealing as a destination for a short break or holiday (Angus & Associates, Visitor Insights Programme)	36%	≥ 35%	NA	**Not Available**	As above
% of domestic travelers who associate 'Māori/Pacific Culture' with Rotorua (Angus & Associates, Visitor Insights Programme)	57%	≥ 55%	NA	**Not Available**	As above
% of domestic travelers considering a short break or holiday in Rotorua in the next 12 months (Angus & Associates, Visitor Insights Programme)	38%	≥ 38%	NA	**Not Available**	As above
Net Promoter Score (NPS) of domestic visitors to Rotorua within the past 12 months who would recommend Rotorua as a travel destination (Angus & Associates, Visitor Insights Programme)	+21	≥ +15	NA	**Not Available**	As above
Destination sales - *Delivering sales across key commercial venues (Sir Howard Morrison Centre and Energy Events Centre), international, business events, education and groups, and in-destination*					
i-SITE to be financially self-sufficient (Xero, i-SITE profit and loss report)	-$438,080	≥ $0	-$230,959	**On Track**	The current loss is comparable to the same period of the previous year and is typical of low demand during the winter season, which is at least partly offset by strong demand during the summer season.
Education and Group Bookings – annual value of school bookings through the Rotorua Education Network (Xero, i-SITE profit and loss report)	$2.928m	≥ $2.0m	$822,569	**On Track**	There has been strong demand for school group bookings with revenue well ahead of the same period of the previous year.
Delegate days at business events won by the RotoruaNZ team in financial year (Momentus, Event bookings; Hubspot, Leads won)	25,622	≥ 24,000	13,395	**On Track**	There has been strong demand and conversion of business events to be hosted in Rotorua, with confirmed bookings well ahead of the same period in recent years and can be attributed to the team shifting to a more client based focus for events in the region.

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
Days the four larger commercial spaces in the Sir Howard Morrison Centre (SHMC) are utilised for events (Momentus, Event bookings)	Total: 34.5%	≥ 32.3%	25.6%	**On Track**	The centre hosted a mix of live entertainment, family programming and community activity during the quarter, reflecting its role as both a performance venue and a community facility. A number of highly attended events helped get the year off to a strong start including Matariki programming and a large scale school production. 1) Only the four larger commercial spaces in the SHMC have been included in the utilisation calculation and sum of attendees. 2) Utilisation is based on a 'space day' calculation, which is the total number of potential days across the key spaces being utilised. 3) Building maintenance bookings are excluded from the sum of 'space days' utilised and attendees. 4) Details for events are often updated as more information becomes available. For example, actual attendance is often not available immediately after an event has been held and therefore the quarterly reported values are provisional and likely will not reconcile to the year-end value.
	Commercial: 15.2%	≥ 18.0%	17.0%	**On Track**	Commercial activity formed the larger share of venue use. Programming was supported by improvements to lighting capability and technical training, strengthening the centre's ability to accommodate a range of performances and events. Sold out events in July/August along with conferencing contributed to this result.
	Community: 19.4%	≥ 14.4%	8.6%	**On Track**	Community activity remained an important component of venue use, alongside the commercial programme. Increasing use of available space remains an opportunity to strengthen both community access and overall utilisation. A multi show theatrical production from a local school anchored this positive result.
The number of people attending events in the four larger commercial spaces at the Sir Howard Morrison Centre (Momentus, Event bookings)	65,831	≥ 52,300	13,829	**On Track**	Live performances, family entertainment and community activity brought audiences into the centre throughout the quarter. The programme catered to a range of interests and age groups.

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
Days the five larger commercial spaces in the Energy Events Centre (EEC) are utilised for events (Momentus, Event bookings)	Total: 17.4%	≥ 22.9%	24.8%	**On Track**	The venue accommodated a mix of exhibitions, large-format events and community activity. Commercial and community bookings made broadly balanced contributions to utilisation during the quarter. 1) Only the five larger commercial spaces in the EEC have been included in the utilisation calculation and sum of attendees. Notes 2-4 for SHMC above also apply to EEC
	Commercial: 16.1%	≥ 20.8%	12.6%	**On Track**	Commercial use was supported by the venue's capacity to accommodate varied event formats. A new floor-plan tool was introduced to improve event configuration and support the sales process. There was regular conferencing and a large expo that contributed to this result.
	Community: 1.3%	≥ 2.2%	12.2%	**On Track**	Community activity made a substantial contribution to venue use. Work with catering partners focused on reducing barriers for community hirers, including agreement to remove the minimum catering spend for community events, making the venue more usable and available to community sports - in this case, basketball.
The number of people attending events in the five larger commercial spaces at the Energy Event Centre (Momentus, Event bookings)	42,991	≥ 62,300	12,746	**On Track**	Exhibitions and large-scale community events contributed to attendance during the quarter, demonstrating the venue's role in accommodating public gatherings and activities requiring larger spaces. A large scale charity fundraiser, a large scale expo and a number of basketball activities ensured a high number of attendees visited the venue.
Major events and events delivery support - *Strengthening Rotorua's reputation, enhancing vibrancy and delivering economic impact*					
Distribution of event funding (Xero, Event Investment Fund transaction report)	Tier 1: 45%	30-50%	51%	**On Track**	Provided funding to one Tier 1 event: Crankworx
	Tier 2: 34%	20-40%	38%	**On Track**	Provided funding to five Tier 2 events (>= $30k)
	Tier 3: 21%	20-40%	11%	**On Track**	Provided funding to three Tier 3 events (< $30k)
Number of Tier 1 and 2 events funded (Xero, Event Investment Fund transaction report)	Tier 1: 1	≥ 1	1	**Achieved**	As above
	Tier 2: 5	≥ 5	5	**Achieved**	As above

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
Visitor services and venue operations - *Providing high-quality service delivery across operational teams*					
Customer satisfaction with service experienced at Rotorua i-SITE visitor centres (RotoruaNZ, Visitor Experience Survey)	Not measured	≥ 75.0%	91.0%	**On Track**	Customer satisfaction is high with many respondents complimenting i-SITE staff on recommendations that were well matched to visitor requirements
Client satisfaction with service delivery for events held at SHMC & EEC (RotoruaNZ, Post-Event Venue Evaluation Survey)	86.8%	≥ 75.0%	84.3%	**On Track**	Client satisfaction is high with many respondents complimenting the venue staff service delivery
Strategy and investment - *Delivering economic development initiatives, with a focus on priority sectors – tourism and forestry – and facilitating investment attraction*					
The number of Te Arawa economic development projects directly supported by RotoruaNZ (RotoruaNZ, Investment business records)	2	>= 2	1	**On Track**	• Supported Tāheke 8C's geothermal development-partner process, including preparation of the updated board paper, selection criteria and development-partner overview for their contestable process
The number of projects identified in the Rotorua Destination Management Plan directly delivered or supported by RotoruaNZ (RotoruaNZ, Investment business records)	4	>= 4	1	**On Track**	• Progressed the Inner City Blueprint and associated action plan. Council endorsed the priority direction on 23 September 2026 and approved further investigation, concept development and business-case preparation for Village Green and Eat Streat 2.0.
The number of submissions written by RotoruaNZ and/or projects supported to apply for a government fund (RotoruaNZ, Investment business records)	3	>= 3	2	**On Track**	• Submitted RotoruaNZ's feedback on the IVL Investment Framework on 2 September 2026 • Submitted RotoruaNZ's feedback on the Bay of Plenty Regional Benefit Fund on 2 September 2026
The number of investment projects facilitated by RotoruaNZ (RotoruaNZ, Investment business records)	Not measured	>= 2	1	**On Track**	• Supported BioFactory's bioeconomy development through investor-readiness and developer EOI work.
The number of priority sector initiatives supported (RotoruaNZ, Investment business records)	Not measured	>= 2	1	**On Track**	• Supported tourism sector priority initiatives by facilitating a workshop between Toi Ohomai and the Tourism sector at a RotoruaNZ industry update
The number of workforce attraction initiatives delivered (RotoruaNZ, Investment business records)	Not measured	>= 2	1	**On Track**	• Released the Live Work Invest Marketing Toolkit in September, including the Welcome Guide and shared Rotorua imagery for employer and recruiter conversations

Measures	YE Result June 2026[1]	YE Target June 2027	YTD Actual Jul-Sep 2026	Status	Comment
% of local businesses satisfied with the quality of RotoruaNZ's destination data and insights developed to support decision making by businesses (RotoruaNZ, Stakeholder Satisfaction Survey)	76.8%	>= 70%	NA	**Not Available**	Survey conducted once annually in April-June quarter.

[1] Many values are subject to revision as more information becomes available (eg. actual event attendance is not always immediately available post event; card expenditure is revised if errors in merchant classification and/or geographical location are identified) and therefore the previous year end values published in the table above on this page and in the Statement of Intent may not reconcile to the latest value published by the source.

10.2 COMMUNITY EXPERIENCE DASHBOARD

Prepared by: Alex Wilson, Group Manager Community Experience

Approved by: Alex Wilson, Group Manager Community Experience

Attachments: 1. Community Experience Dashboard Q1-2026-2027

1. TE PŪTAKE PURPOSE

The purpose of this report is to receive a presentation on Community Experience Dashboard.

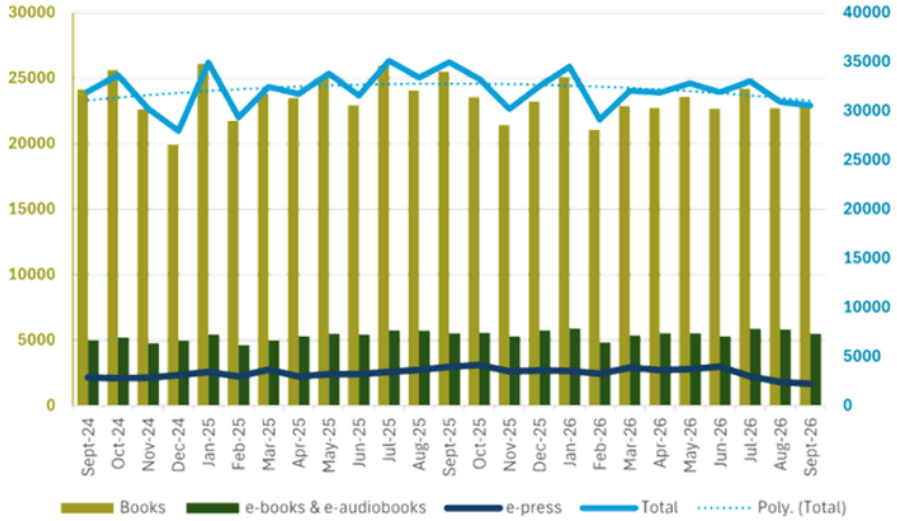
HE TŪTOHUNGA RECOMMENDATION

1. That the presentation 'Community Experience Dashboard' be received.

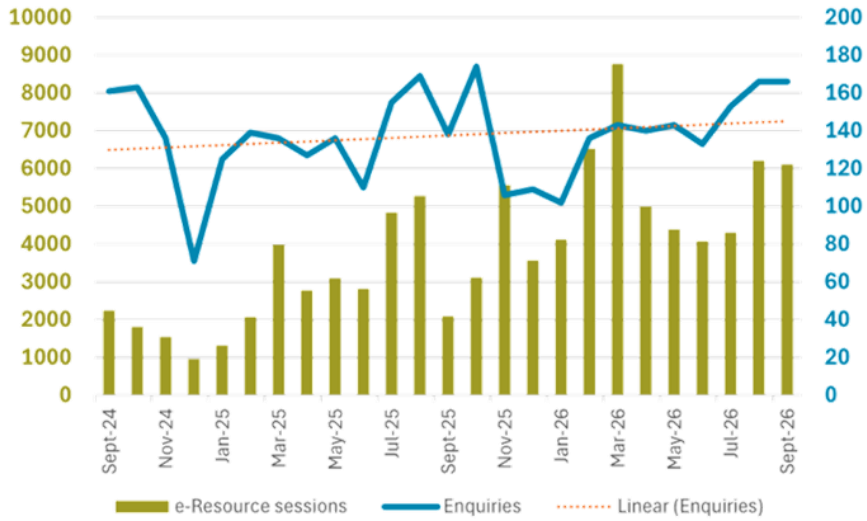

Library
ROTORUA
LAKES COUNCIL

Performance Dashboard | Q1 2026/27

COLLECTIONS – Check outs



HERITAGE & RESEARCH - Activity



Library – Collections & Services

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights



36% increase in online Heritage platforms.



100 households connected through Skinny Jump



Expanded access to digital collections, improved value for money

Challenges



5.6% reduction in door count



Physical lending continues to decline

Library – Collections & Services

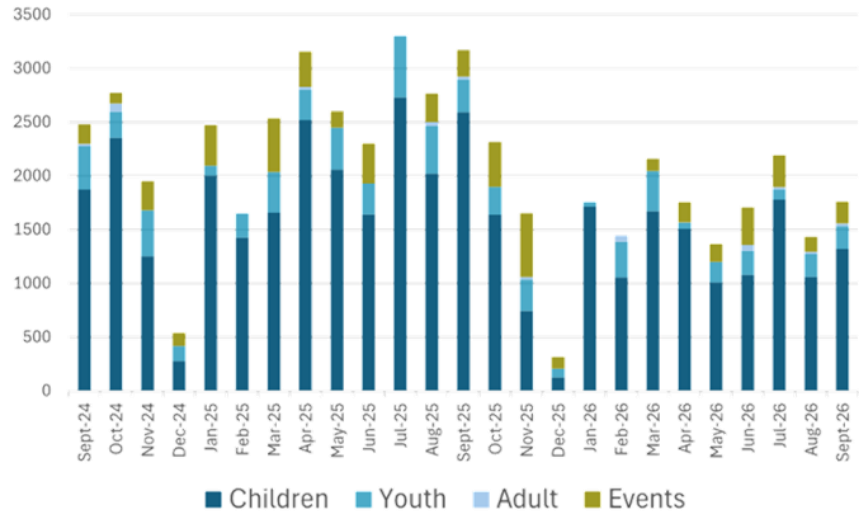
ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

CUSTOMER EXPERIENCE



PROGRAMME & EVENTS - Attendance



Library – Customer Experiences

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- 96% resident satisfaction
- Revised tech learning programmes fully booked
- Partnerships deliver meaningful outcomes

Challenges

- Programme attendance downward trend
- Capacity constraints impacting service delivery

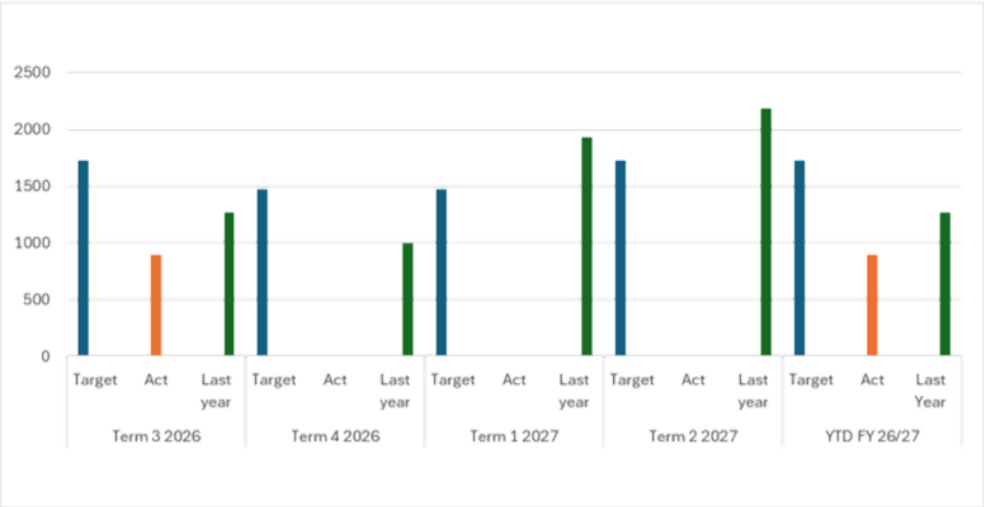
Library – Customer Experiences

ROTORUA LAKES COUNCIL


Museum
ROTORUA
LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Education Contract Student Numbers



Exhibition Developed Design Milestones

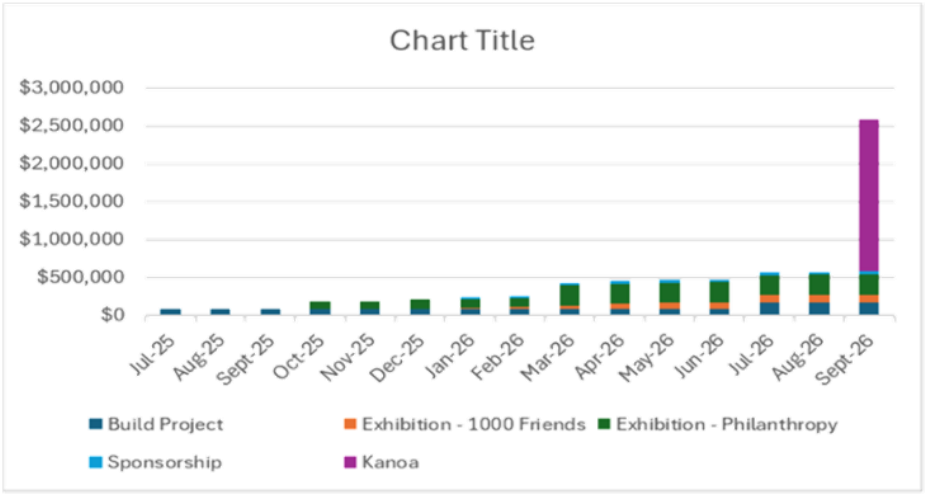


Museum

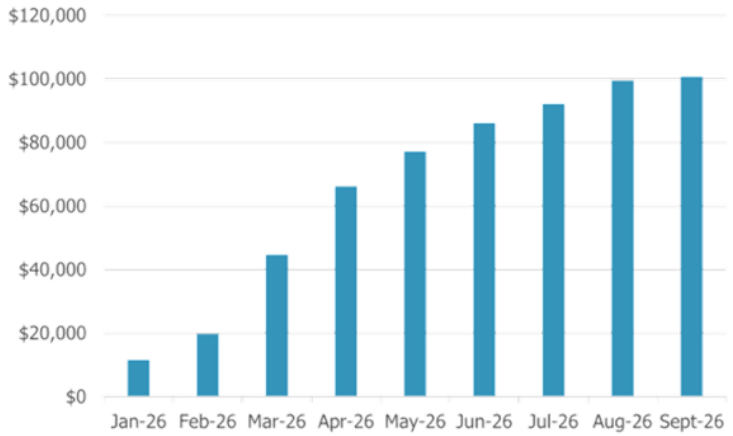
ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Exhibition Fundraising Progress



1000 Friends accumulated funds – committed funds



Museum

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- $2m grant from Kanoa RIF fund
- FOM 1000 Friends achieves $100k in funding
- Operational optimisation PSG established

Challenges

- Staff resourcing impacting education targets
- Sponsorship and exhibition project funding

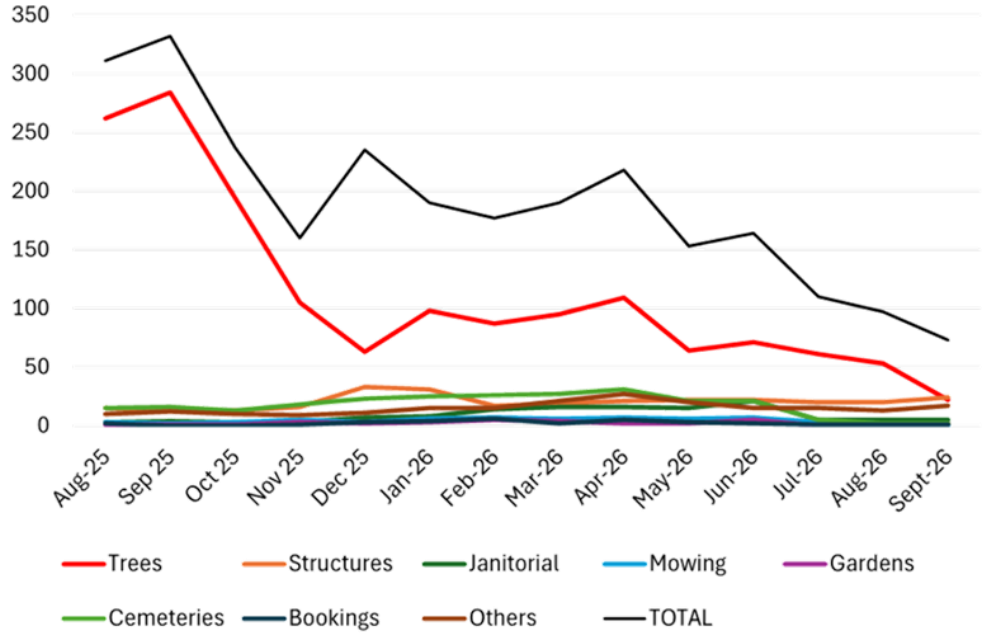
Museum – Exhibition and Operational Projects

ROTORUA LAKES COUNCIL


Parks & Open Spaces
ROTORUA
LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Outstanding Requests



Resident Experience Monitor

% Satisfaction with Parks & Open Spaces



Parks & Open Spaces

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- Pārekareka implementation information collated
- Playground renewal completion
- Hoops in Marae programme

Challenges

- Titoki sports fields tenders higher than engineers estimate/budget so evaluation ongoing.
- Prince's Arches repair and safety management
- Play advocate role funding from SportNZ ended

Parks and Open Spaces – Planning & Development

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- High LOS metrics being maintained
- Staff vacancy levels reduced
- Winter schedules catching up on wider work programme

Challenges

- Integrating work programmes into OneCouncil is taking longer than expected

Parks and Open Spaces – Operations

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- Stadium Operating Model investigations nearing completion
- "Bookable" online space booking system coming online end of October
- Sports ground use high with BOP Steamers games and five winter sports tournaments

Challenges

- Forest use increasing and consequent management resource challenges
- A number of clubs are currently looking for space and facility options

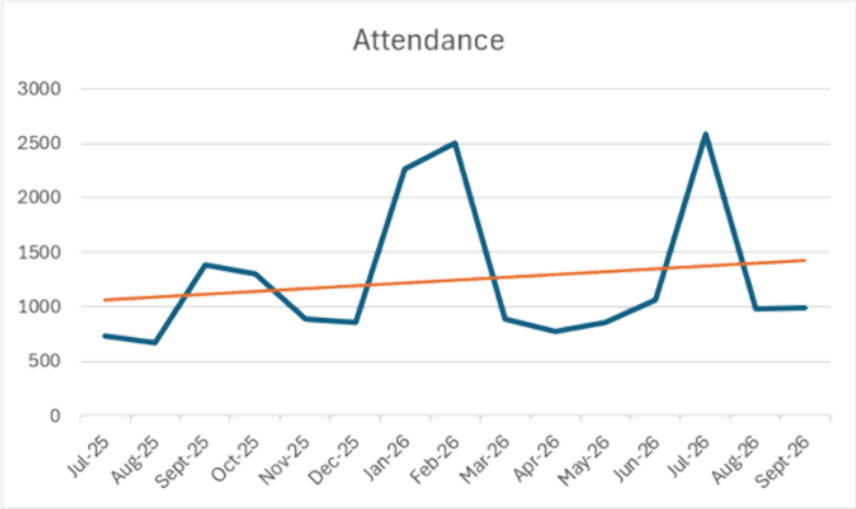
Parks and Open Spaces – Programmes

ROTORUA LAKES COUNCIL

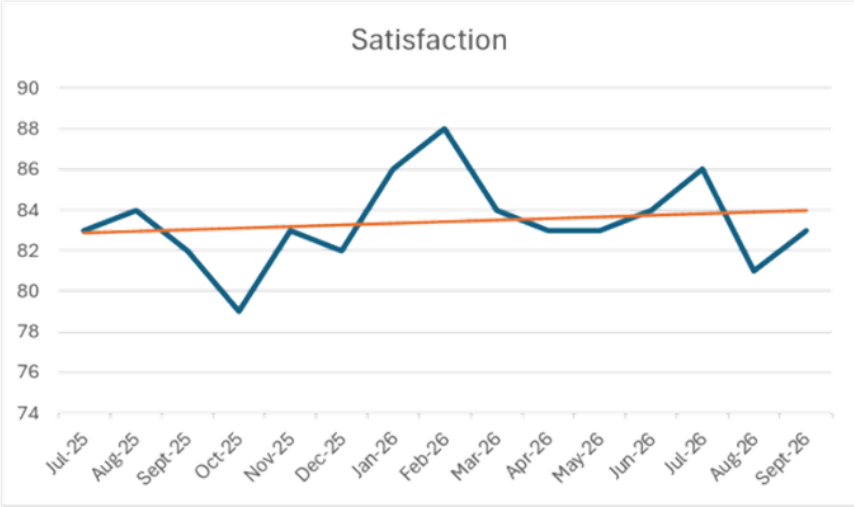

Partnerships and Programmes
ROTORUA
LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Night Market Attendance



Night Market Satisfaction

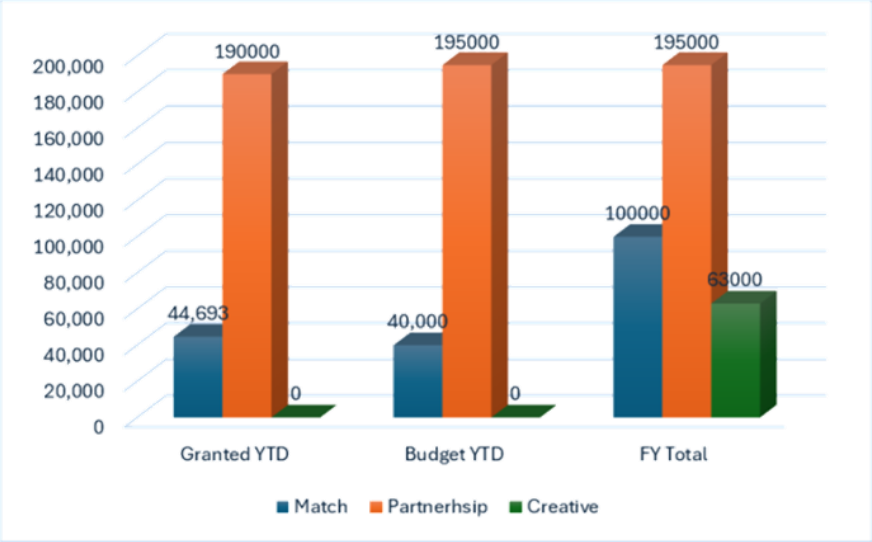


Partnerships & Programmes

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Funding Tracking



Funding Leverage

217%

Matching fund 2025/26 ROI

Partnerships & Programmes

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

- Progress on Accessibility Implementation
- Night Market financial position and expansion
- Environmental agreements with Care Groups and Māra kai

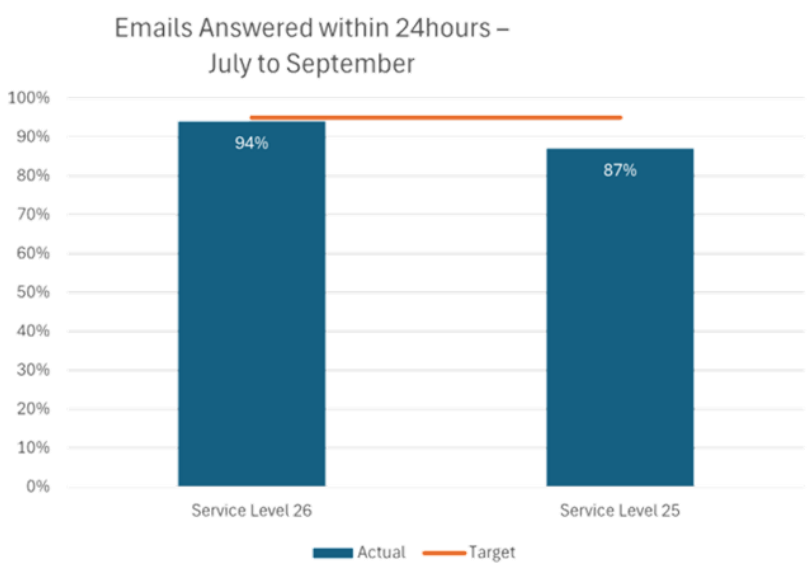
Challenges

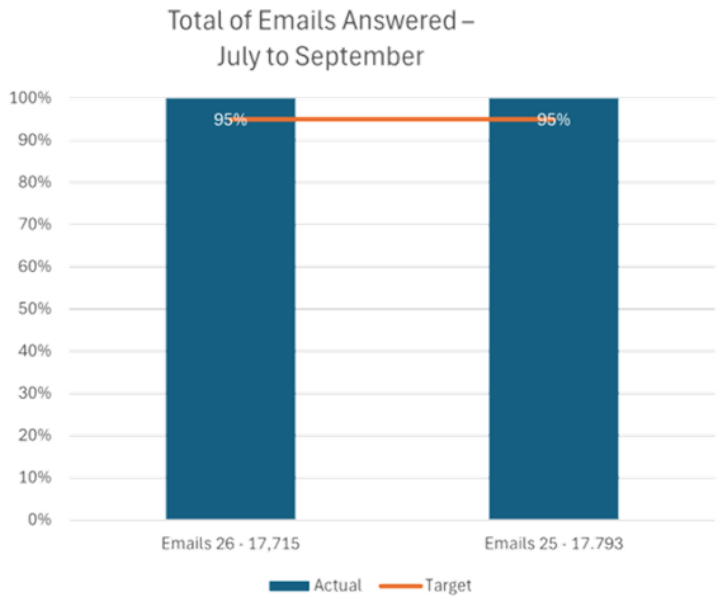
- Funding for community groups remains challenging
- Digital capability of community groups

ROTORUA LAKES COUNCIL


Customer Solutions
ROTORUA
LAKES COUNCIL

Performance Dashboard | Q1 2026/27

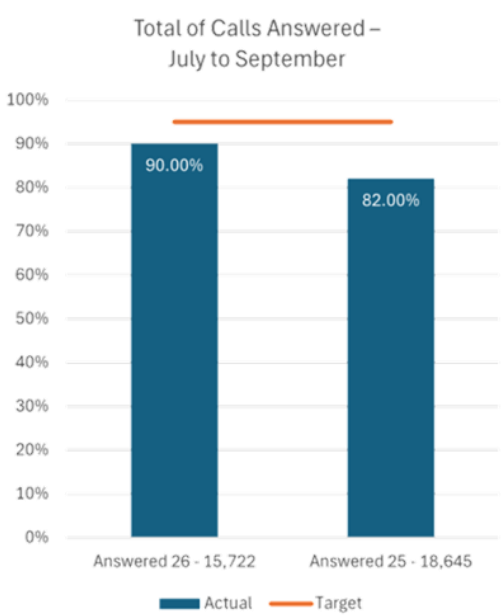


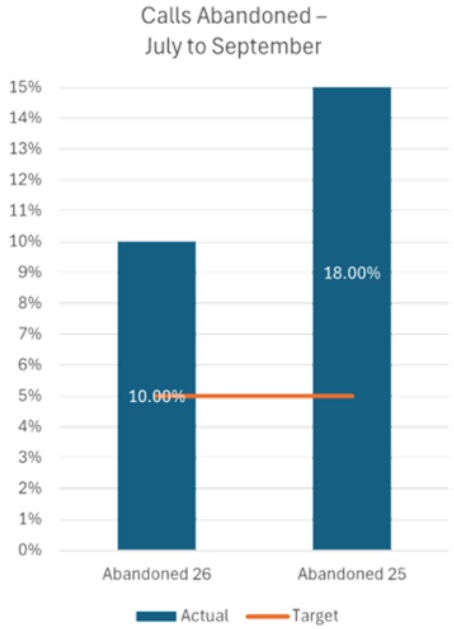


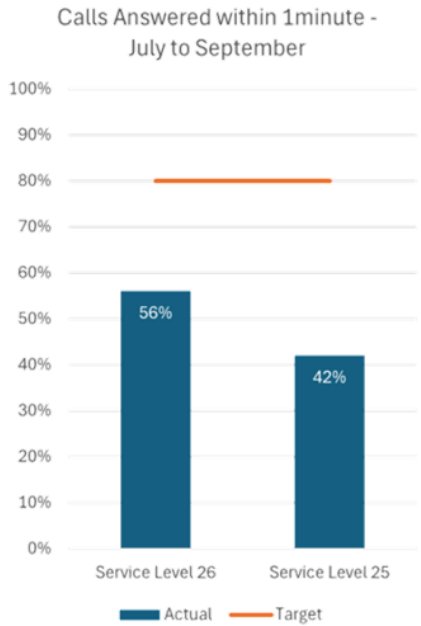
Customer Solutions

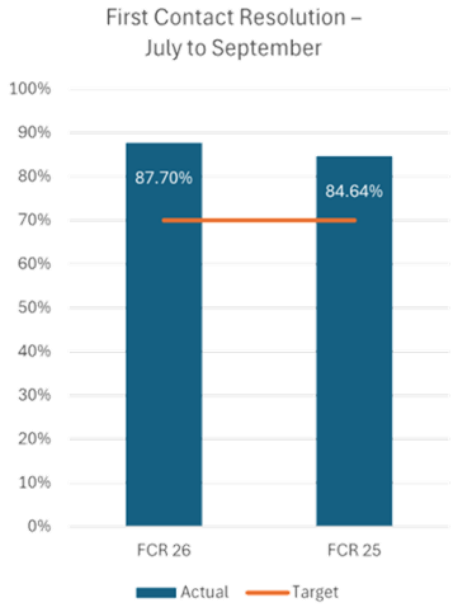
ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27









Customer Solutions

ROTORUA LAKES COUNCIL

Performance Dashboard | Q1 2026/27

Highlights

Improved call performance across answer times, first contact resolution and abandonment rates

Successfully delivered customer support across rates, dog registration, parking changes and FOGO bin delivery

Challenges

Capacity constraints impacting service delivery

Customer Solutions

ROTORUA LAKES COUNCIL

10.3 INITIAL DIRECTION AND PRESENTATION FOR POTENTIAL ALCOHOL FEES BYLAW

Prepared by: **Ashton Mismash, Strategic Policy Advisor**

Approved by: **Jean-Paul Gaston, Group Manager, Destination Development**

Attachments: **Nil**

1. TE PŪTAKE
PURPOSE

The purpose of this report is to obtain an initial direction on a potential Alcohol Fees Bylaw.

2. TE TUHINGA WHAKARĀPOPOTOTANGA
EXECUTIVE SUMMARY

Council staff have now completed the majority of research on a potential Alcohol Fees Bylaw. This bylaw would allow Council to set local fees for alcohol licence applications with the intention of achieving proportionate fees and adequate cost recovery. This process is regulated by Section 405 of the Sale and Supply of Alcohol Act. The only process for increasing these fees is through a local bylaw adoption process.

The current central government fees associated with alcohol licence applications has not been increased since 2013. The stagnant nature of these fees has resulted, alongside some regulatory changes, in a slow decline in Councils ability to effectively recover costs incurred from alcohol licensing activities. This has increased the amount required from the general rates fund and it is projected to further increase based on current local conditions.

This report seeks to obtain an initial direction from Council on if it would like to proceed with a local alcohol fees bylaw and the topline directives for the proposed structure of the resulting bylaw.

HE TŪTOHUNGA
RECOMMENDATION

1. That the report 'Initial Direction and Presentation for Potential Alcohol Fees Bylaw' be received.

2. That the Council approve the development of an Alcohol Fees Bylaw.

AND

3. That the preferred cost recovery rate target of the Alcohol Fees Bylaw [Estimated 49% for FY26/27] would be:

(a) 50%

OR

(b) 75%

OR

(c) 80%

OR

(d) 85% (recommended)

AND

4. That the preferred Alcohol Fees Bylaw would be applied through:

(a) A flat increase to all fees to meet the recovery rate

OR

(b) Shifting increased fees towards premises, and proportionate fees for special events

3. TE TĀHUHU
BACKGROUND

Council has a regulatory responsibility to monitor, review and enforce alcohol licensing within the district. This requirement is outlined in the Sale and Supply of Alcohol Act 2012 (the Act). This includes the requirement to have at least one District Licensing Committee (DLC) to hear matters associated with alcohol licensing.

The Act sets out when a license is required to sell or supply alcohol. Alcohol licensing aims to protect the public and minimise the harmful effects of excessive or inappropriate alcohol consumption.

Councils licensing inspectorate process and report on alcohol applications received, to the Rotorua District Licensing Committee. They also undertake relevant enforcement activities.

The Rotorua District Licensing Committee is an independent committee of Council who considers and decides on every alcohol licence application in the District. The DLC's functions are administered by Council and are funded by alcohol licensing fees.

There are roughly 250 – 300 licenced premises that operate in the district, roughly 70 – 150 special licences per year and over 1000 certified Duty Managers. The Council has seen a consistent workload as a regulator, and it is projected that Council will continue to have a similar workload for alcohol licencing in the future.

One aspect of the alcohol regulatory workload that has increased is the complexity and costs incurred with delivering alcohol licensing functions and activities. Council has detailed the financial implications of the licensing department in the financial considerations section of this report.

In response to rising costs Council staff were requested to investigate options to better manage the rising costs and cost recovery levels associated with the licensing inspectorate and the DLC.

The primary tool associated with managing these costs is an alcohol fees bylaw, which enables the council to depart from the standard fees set by central government and set local fees instead.

Council staff have conducted a deep analysis, as part of the wider fees and charges work directed by Council earlier this year, on the feasibility of an alcohol fees bylaw. The majority of that analysis has

been completed, and staff are now ready for the Council to set out the initial direction for the alcohol bylaw.

This work was initially slated to be completed alongside the long-term plan, in conjunction with the rest of the fees and charges work; however, Council staff consider this work to have a consequential effect for the licensing inspectorate and the DLC, and the allocation of the licensing team's budget.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Decision 1: Direction on the development of the Proposed Alcohol Fees Bylaw

This decision confirms the overarching direction regarding the proposed development of an alcohol fees bylaw.

Option (a): Proceed with the development of an Alcohol Fees Bylaw (Recommended)	
Advantages	Disadvantages
• This would allow Council to increase its fees associated with alcohol licences, which have been unmodified by central government since 2013. • This option would meet the new intent of the Local Government act by allowing Council to increase its ability to appropriately fund the alcohol regulatory function. • Funds that were allocated from the general rates budget to alcohol licensing can be utilised elsewhere. • This would more effectively align the required alcohol licensing activities with the fees collected. • Councils ability to meet its obligations to administer the functions of the DLC within the provided budget envelope is improved. • Council in the future could reduce the fees, if the fees were deemed at any point to be disproportionate to reasonable costs incurred in carrying out the required legislative functions. • Council has increased local control and recovery of reasonable costs incurred by alcohol related functions.	• There is an increase to the regulatory burden for Council, as a new bylaw will need to be managed by Council staff. • Council will need to monitor and track regulatory costs and revenue more accurately to ensure compliance with cost recovery targets. • There will be an increase in demand for the finance team to assess and monitor the new fees, revenue and targeted cost recovery rates. This would include work associated with annual plans, as fee reviews are usually conducted simultaneously. • Increase of fees from the adoption of a bylaw will inevitably result in some negative feedback from the applicants/licence holders.

Discussion

This option would reduce the overall burden of the rates budget for the alcohol licensing team. Council would increase its ability to better manage its budget through the introduction of new Council set fees, allowing more freedom to set fees with improved alignment with the direction of Council. Currently the fees set by central government have not changed since 2013, and Council has collected less monies each year through alcohol licence fees.

Option (b): Do not proceed with the development of an Alcohol Fees Bylaw	
Advantages	Disadvantages
• No increased chance of negative feedback from the community/licence holders. • No significant advantages have been identified in this option	• Council would still be reliant on unmodified fees originally set by central government in 2013. • Council would have less control on funds that were allocated from the general rates budget to the licensing department. • Potential pressure on the general rates budget could impact Councils ability to effectively perform its legislative obligations to regulate alcohol in the District. • Council would be unable to reduce fees future, if the sector needs economic relief. • Council has less local control on the finances for alcohol licensing functions and the administration of the DLC.

Discussion

This option would support continuation of the status quo. Council staff are projecting that the costs associated with the alcohol licensing functions will continue to increase, due to legislative changes, the effect of previous Council decisions and the increasing complexity and legalistic nature of alcohol licensing matters. It is considered extremely unlikely that any of these demands will reduce in the future. These increased costs are projected to persist, which will place more pressure on the general rates budget for allocation if not otherwise covered by the licence holders. This option would require central government to introduce changes/increases to the fee structure in legislation, which is currently signalled by central government, without any firm commitments.

Decision 2: Cost Recovery Rate Target for the Alcohol Fees Bylaw

This decision relates to an overall cost recovery target associated with an alcohol fees bylaw, and the percentage of alcohol licensing costs to be recovered through fees.

Option (a): Set the Cost Recovery Rate Target for the Proposed Alcohol Fees Bylaw at 50% (Status Quo)	
Advantages	Disadvantages
• If this cost recovery target is adopted There would be a little to no change in the fees associated with alcohol licences.	• Council would still rely on the general rates budget to supplement a substantial portion of alcohol licensing activity costs. • Council would not increase the amount of funds gathered through fees, increasing the reliance on the general rates budget for funding. • This option is misaligned with a predominantly 'user-pays' model putting half of the fees burden on general rates. • This cost recovery goal would limit the ability for the licensing team to increase its scope to better manage alcohol in Rotorua

Discussion

If Council proceeds with the development of a Bylaw, this cost recovery percentage would support continuation of the status quo. The current projected cost recovery rate for financial year 2026/207 is 50%. This option in essence would have little to no effect on the budget, or Councils ability to recover reasonable costs incurred, including the administration of the DLC. This could be modified or adapted in subsequent years through an annual plan process, as currently contemplated by staff.

Option (b): Set the Cost Recovery Rate Target for the Proposed Alcohol Fees Bylaw at 75%	
Advantages	Disadvantages
• A comparatively low cost recovery rate may reduce the amount of negative submissions from applicants/licence holders. • Council's ability to recover reasonable costs is improved, reducing funding needed from general rates.	• Remaining reliance on general rates budget for to supplement a substantial portion of alcohol licensing costs. • This cost recovery goal would limit the ability for the licensing team to increase its scope to better manage alcohol in Rotorua.

• This cost recovery goal would align Council back to pre-2023 cost recovery rates. • This represents a step toward a more a 'user-pays' model for the alcohol licensing functions where those who directly benefit from alcohol sales take on the majority of the costs. • Councils ability to effectively administer the functions of the DLC within the expected budget parameters would improve to a degree.	

Discussion

This option would meet Councils previous cost recovery target as described in the financial section of this report. This fee increase would not be as dramatic as other options. There would still be a reliance on general rates to fund a substantive budget shortfall.

Option (c): Set the Cost Recovery Rate Target for the Proposed Alcohol Fees Bylaw at 80%	
Advantages	Disadvantages
• Cost recovery from fees would be higher than previous years. • The higher cost recovery means reduces funding needs from the general rates. • This better reflects a predominantly 'user-pays' model for alcohol licensing where those who benefit most from alcohol sales take on the majority of the costs. • This cost recovery goal would further increase ability for the licensing team to better meet the alcohol licensing functions costs and improve regulatory oversight of alcohol activities in Rotorua, through improved cost recovery.	• Council will likely receive increased negative submissions associated with the greater cost recovery rate with consultation when compared with the other options. • This cost recovery target would somewhat limit the ability for the alcohol regulatory team to increase its functions, if required, to better manage alcohol in Rotorua.

Discussion

This cost recovery option would generate more revenue through fees than previously for Council. This rate is roughly where several other Councils have their cost recovery target, and would align with other Councils who have a similar bylaw. The higher recovery rate will most likely generate interest from licensees.

Option (d): Set the Cost Recovery Rate Target for the Proposed Alcohol Fees Bylaw at 85% (Recommended)	
Advantages	Disadvantages
• This cost recovery goal would further increase ability for the licensing team to better meet the alcohol licensing functions costs and improve regulatory oversight of alcohol activities in Rotorua, through improved cost recovery. • This better reflects a predominantly 'user-pays' model for alcohol licensing where those who benefit most from alcohol sales take on the majority of the costs. • Council would significantly reduce the reliance on the general rates budget for alcohol licensing.	• Council will likely receive increased negative submissions associated with the greater cost recovery rate with consultation when compared with the other options.

Discussion

This option would reduce the reliance on rates the most out of all the available options and is the best reflection of a more 'user pays' approach where licensees bear most of the alcohol related costs. This option allows Council to better match current resource needs and scale up services, if needed. Further, if costs associated with the DLC do not decrease, or continue to rise, when the moratorium is lifted, Council would be well placed to absorb those additional costs through cost recovery from licences. Though this option reflects the largest fee increase, Council would retain the ability to reduce fees in future years, if cost recovery rates were misaligned with actual costs to better reflect required recovery rates.

Decision 3: Fee Structure.

This decision relates to the structure of the fees, if Council proceeds with an alcohol fees bylaw. There are two options as described below:

Option (a): The proposed Alcohol fees are increased through the Bylaw by a flat amount to meet the cost recovery rate target.	
Advantages	Disadvantages
• This the structure utilised by most Councils who have an alcohol bylaw. • This would maintain the risk category fee hierarchy designed by central government where 'riskier' premises have increased fees	• This could dissuade some smaller events or organisations (e.g. Clubs) from applying for alcohol licences due to cost.

Discussion

This option is utilised by most Councilswho further increase fees without modifying the underlying fee structure. The fee structure as designed by the central government increases by the risk rating associated with the licence.

Option (b): The proposed Alcohol fees are increased through the Bylaw for premises, with a lower increase rate for special events to meet the cost recovery rate target.	
Advantages	Disadvantages
• This could mitigate the effect that larger increases could have on some special licence applicants, though the full extent of this is not known.	• More fees would be allocated to the premise holders, to maintain the cost recovery target which will still likely attract negative feedback from licensees.

Discussion

This approach would follow the Wellington City Council example where special licences, which includes many smaller clubs or similar organisations are subject to lower fee increase compared to premise related licences (e.g. On or Off Licences). Over several years the number of special licences has decreased which may indicate some pressure on the event sector although exact reasons are unknown. No further analysis has been undertaken regarding the decrease in special licence applications and the current understanding stems from the alcohol licensing team's financial forecasting and costs.

5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

Significance Indicator	Significance Level
Importance to the Rotorua District	Low
Importance to Mana Whenua and Taura Here	Low
Consistency with Existing Policies and Strategies	Low
Community Interest	Low
Impact on the Council's Capacity and Capability	Medium
Reversibility	Low
Impact on Individuals and Groups	Low
Involvement of a Strategic Asset	Low

The matters addressed in this report have been assessed as not significant under Council's Significance and Engagement Policy. Under that policy, a matter is considered significant when two or more significance criteria are rated as high. In this case, no criteria have been assessed as high.

6. NGĀ KŌRERA O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

No consultation is required for this decision. This is a preliminary decision for Council to proceed with the development with a Bylaw. If Council chooses to proceed with an alcohol fees bylaw Council will need to consult with the community using the Special Consultative Procedure, as outlined in the Local Government Act 2002.

If Council chooses to proceed with an alcohol fees bylaw, Council staff are considering running this consultation before the Long-Term Plan consultation to give certainty regarding budgets, so Council can make informed decisions with the budgets as part of the Long-Term Plan. If Council proceeds with the bylaw the consultation would most likely occur in early 2027. Any consultation would be approved by Council before it is commenced.

7. HE WHAIWHAKAARO CONSIDERATIONS

7.1. Mahere Pūtea Financial/Budget Considerations

In this section Staff have provided an overall financial picture of the alcohol department and some specifics associated with fees and charges that are related to the adoption of an alcohol fees bylaw.

In Table 1 the financial costings for the alcohol regulatory department has been listed from financial year 2021/2022 to financial year 2025/2026. Table 1 also includes the total cost recovery by alcohol fees (application fees, annual fees, special fees, etc.) percentage per financial year.

Table 1: Historic cost of the Alcohol Department at RLC with cost recovery percentage for licencing fees.

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Total Cost to Council	$584,671.93	$437529.32	$509,413.08	$491,094.43	$620,810.48
Cost Recovery Percent	51.69%	68.72%	69.09%	58.34%	55.86%

Council has historically recovered the majority of its costs from alcohol fees that were set by the Sale and Supply of Alcohol Act 2012. Council currently use the fees set by legislation; however, these fees have not increased for 13 years. As inflation has progressed the static nature of the centrally set fees have slowly eroded Council's cost recovery.

Another significant change to the cost recovery has been change to legislation. The Sale and Supply of Alcohol Act Community Participation Amendment Act 2023 has significantly increased the workload for the inspectorate, the DLC secretariat and the DLC themselves. Table 2 outlines the increased cost of the DLC, which shows the increased cost of the legislation on Council budgets. The effect of the amendment act took place in 2023.

Table 2: Historic Cost of DLC

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Total Cost to Council	$93,138.00	$96,317.80	$104,260.00	$122,689.60	$178,083.56

In 2025 Council approved to increase the number of committee members, and the renumeration associated with the DLC as a result of the increased pressure from legislative change and the intention to attract DLC Members that are more legally adept. This has lead to another spike in cost associated with implementing the regulatory function, as shown in FY24/25 costings.

One of the major contributing factors is the increased pressure on DLC hearings with public participation. Council has received a few applications with previously unprecedented numbers of objections, which lengthened the hearing process and increased costs due to the need to review all objections, and to include those wanting to be heard in the hearings. In response to the cost of alcohol regulatory team Council implemented changes in the Local Alcohol Policy 2025, putting a moratorium on new off-licences.

In Table 3 the financial projection for financial year 2026/2027 for the total cost of the department is listed. The projection is based on historical figures and the current costs that are known to Council. The full amount cannot be determined, as the DLC bills based on a per hour rate which is related to the application volume.

Table 3: Projected Cost for Alcohol Department in Financial Year 2026/2027, with projected cost recovery percentage

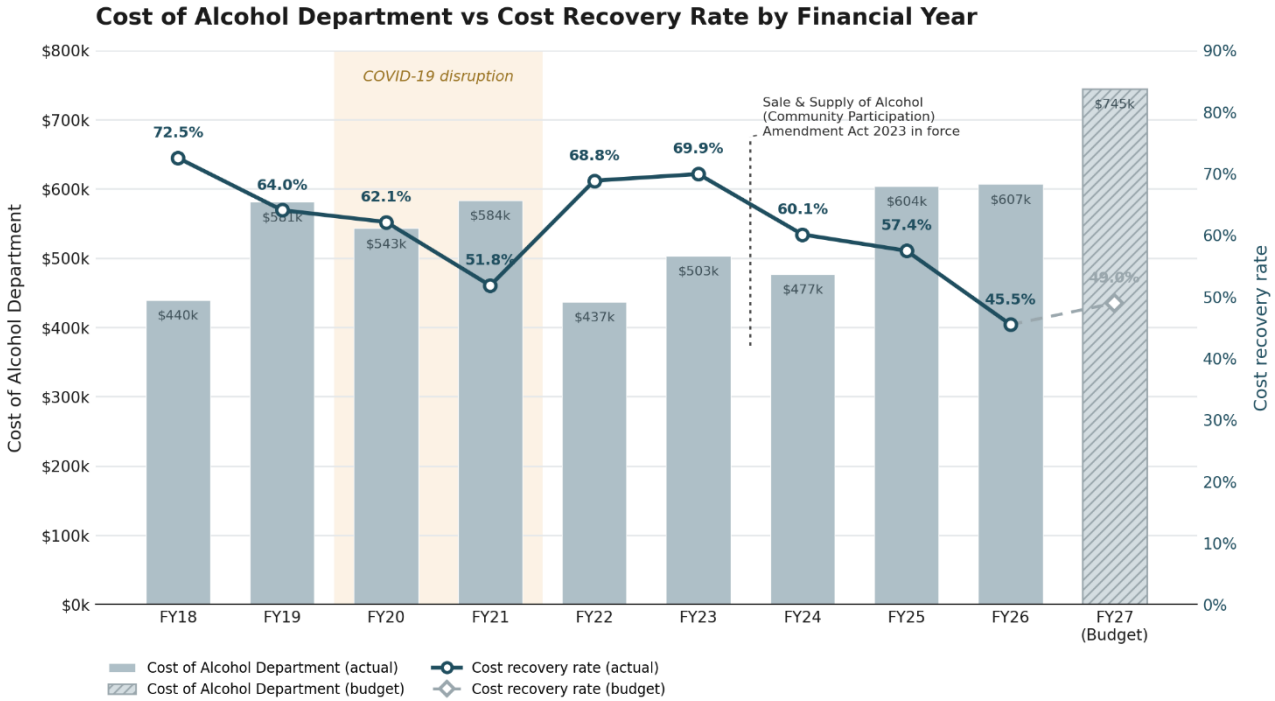
Fees to ARLA	Cost of DLC	Inspectorate	Overheads	Total Cost	Cost Recovery
$24,000	$190,000	$304,100	$221,469.40	$739,569.40	49.29%

Source: Alcohol Regulatory Licensing Authority (ARLA) is an independent Tribunal established by the Sale and Supply of Alcohol Act 2012.

Costs are increasing due to inflation and an increase in alcohol licensing activities, including more District Licensing Committee hearings, greater complexity in some applications, education, monitoring, and enforcement. It is currently assessed by Council staff that these costs are likely to persist. Furthermore, when the LAP moratorium on off-licences expires more costs could include further costs to Council.

Figure 1 summarises information into one graph, displaying the cost to council, the cost recovery rate of alcohol fees and changes to the regulatory environment that are affecting Council's ability to recover costs.

Figure 1: The historic cost of the Alcohol department compared to the cost recovery rate, by financial year. Included are notable events that have changed the financial outlook for the department.



Source: This information is a historical review of the department and its financials. Some of these numbers are approximates and represent the best understanding of financials related to the department.

Figure 1 highlights the increased pressure on the financial position of the Licensing department. It is assumed that the cost recovery percentage will roughly remain at 50% and slowly decrease if Council continues to implement the ARLA fees set by the Sale and Supply of Alcohol Act 2012.

There are very minor recent signals from central government that fees are going to be changed to reflect the shift in inflation or the pressure on Council to manage alcohol licensing, however there is no further information on this at this point.

Comparison of other Territorial Authorities

Council has undertaken a comparative analysis against other Territorial Authorities which have an Alcohol Fees Bylaw, to understand the regulatory landscape present in New Zealand. This including reviewing the financial mechanisms that are utilised by these Councils. Table 4 details the cost recovery target for several councils. Some of the material provided in the table below is based on best available information at the time, as the cost recovery percentage is not usually included in the bylaw itself and is not required as part of the consultation documentation.

Table 3: Projected Cost for Alcohol Department in Financial Year 2026/2027, with projected cost recovery percentage

Territorial Authority	Cost Recovery Target
Porirua	~100%, phased over three years
Hastings	~100%, phased over three years
Waitomo	~100%, phased over three years
Hamilton	95%
Kapiti Coast	90%
Upper Hutt	80%
Wellington	71% (FY24/25)
Tauranga	45% (FY25/26) (Fees Unset)
Whangarei	Unknown

Source: Tauranga City Council adopted the Alcohol Fees Bylaw in April 2025; however, decisions on the actual fee levels were still yet to be made as of February 10, 2026.

Table 4 shows there is a range of cost recovery options that councils pursue, and 100% cost recovery is possible. Council is unable to recover more than 100% of its costs, as defined by the Sale and Supply of Alcohol Act 2012, which is consistent with most local bylaw cost recovery provisions. Almost all of Councils with an alcohol fees bylaw recovery more than 80% of their costs of their alcohol regulatory department through fees.

Table 5, which is shown on the next page, shows the exact fees for the Council's that were specified in Table 3. The 85% recovery scenario was chosen for comparison, as this is the recommended option identified by staff and due to formatting constraints. The proposed RLC fee scenario is in line with the fees introduced by other Councils. The indicative fee amounts presented below are:

- 22% higher than Hamilton City Council,
- 3% less than Hastings Council
- 8% more than Porirua Council
- 33% more than Waitomo Council

Overall, staff assess that the proposed fees are not out of the ordinary when compared to the other councils, and what would be expected in the sector for those Councils who have an alcohol bylaw.

The comparative analysis shows that if Council chooses to proceed with a cost recovery target of 85%, which would increase fees flatly around 130%, this is still within the norm of Councils who have proceed with an alcohol fees bylaw.

Fee Type	Proposed 85% RLC Fee	Wellington City	Waitomo	Hamilton	Hastings	Hutt City	Upper Hutt	Porirua
Alcohol Licence - Annual - Very Low Risk	**$370.40**	$873.50	$238.00	$258.00	$327.60	$378.00	$224.00	$294.40
Alcohol Licence - Annual - Low Risk	**$899.54**	$1,651.00	$578.00	$629.00	$795.70	$994.00	$631.00	$714.90
Alcohol Licence - Annual - Medium Risk	**$1,455.14**	$2,390.50	$935.00	$1,016.00	$1,287.10	$1,732.00	$1,165.33	$1,156.40
Alcohol Licence - Annual - High Risk	**$2,381.14**	$5,895.00	$1,530.00	$1,664.05	$2,106.20	$3,037.00	$2,035.00	$1,892.30
Alcohol Licence - Annual - Very High Risk	**$3,307.14**	$9,362.50	$2,125.00	$2,311.50	$2,925.35	$4,501.00	$3,037.00	$2,628.20
Alcohol Licence - Application Fee - Very Low Risk	**$846.63**	$607.50	$544.00	$592.25	$748.80	$865.00	$468.00	$672.80
Alcohol Licence - Application Fee - Low Risk	**$1,402.23**	$1,006.00	$901.00	$979.80	$1,240.40	$1,550.00	$742.83	$1,114.35
Alcohol Licence - Application Fee - Medium Risk	**$1,878.45**	$1,347.00	$1,207.00	$1,313.30	$1,661.55	$2,237.00	$1,216.50	$1,492.80

Alcohol Licence - Application Fee - High Risk	**$2,354.68**	$2,938.00	$1,513.00	$1,645.65	$2,082.85	$3,003.00	$2,023.50	$1,871.30
Alcohol Licence - Application Fee - Very High Risk	**$2,778.00**	$4,491.50	$1,785.00	$1,941.20	$2,457.30	$3,780.00	$2,540.83	$2,207.70
Alcohol - Temporary Authority	**$682.59**	Not Available	$348.30	$477.25	$603.80	$813.00	$536.37	$542.50
Special Licence Application Class 1 - Large Event	**$1,322.86**	$948.50	$850.00	$924.60	$1,170.10	$1,800.00	$1,575.00	$1,051.30
Special Licence Application Class 2 - Medium Event	**$476.23**	$341.00	$306.00	$332.35	$421.25	$607.00	$307.00	$378.50
Special Licence Application Class 3 - Small Event	**$145.51**	$103.50	$93.50	$101.20	$128.70	$136.00	$93.25	$115.60

7.2. Kaupapa Here Me Ngā Hiraunga Whakariterite
Policy and Planning Implications

Council is unable to unilaterally increase fees associated with alcohol licensing through a fees and charges document. The Sale and Supply of Alcohol Act 2012 Section 405 requires that Councils must instead adopt a bylaw to modify the fees. If Council would like to increase the cost recovery the only option is the adoption of an alcohol fees bylaw. In 2018 the Ministry of Justice released *Calculating the costs and revenue of the alcohol licensing system guidance document 2018.* This document detailed how Councils can calculate both fee information and how to structure the calculations for costings:

> Fee Descriptions
>
> **Licence application fees**; Generally, licence application fees are intended to cover the costs associated with processing licence applications (Regulation 19(1)(a) activities). These include the TA's costs of assessing and making decisions on such licences and any appeals that go to the Alcohol Regulatory and Licensing Authority (ARLA). Annual licence fees;
>
> **Annual fees** are generally intended to cover the costs of monitoring and enforcement of licence holders throughout the life cycle of the licence. This includes any enforcement related costs for issues that need to be considered by ARLA (Regulation 19(1)(b) and (c) activities)
>
> **Other Fees** - Some fees such as special licences, manager's certificates and temporary licences do not differentiate between application fees and annual fees. For these, we recommend that TAs simply account for all costs associated with these licences. This is so that the TA can make an accurate assessment of the overall costs against the revenue from these types of licences.

Below is an example of what The Justice Department suggested should be and should not be included in those costs when considering a fee bylaw and therefore this is what we have utilised as a guide;

> **Personnel costs:** The costs of people, including DLC members, inspectors or other staff. This includes salaries, allowances, leave (annual and wellness), ACC costs, kiwi saver contributions, training and development, stationery, printing, equipment (computers / IT etc) and any other staff-related costs.
>
> **Disbursements to ARLA:** TAs should include their disbursements to ARLA within costs. This disbursement should be offset by TA licence revenue, which includes the amount which is remitted to ARLA.
>
> **Overhead costs:** Finance, corporate services, human resources, IT, legal and accommodation (rent, maintenance, utilities).
>
> **Overhead allocation:** The allocation of overheads is generally applied in relation to full-time equivalent staff (FTE) or unit expenditure. Different TAs might apportion costs relating to staff groups and elected members in specific ways. TAs should take relevance and contribution factors into account when apportioning costs. Indirect and overhead costs which are included require a demonstrable connection between the costs allocated and alcohol licensing activities.
>
> [Suggestions that should not be included in costs]
>
> - Costs of Policy, Strategic and Community Development teams in TAs Local Alcohol Policies The local alcohol policy is an opportunity for a community to develop an approach to alcohol management and licensing. It is not a licensing cost, although its content will influence licence decision-making by the DLC
> - Development of bylaws for alcohol licensing fees
> - Development of bylaws for alcohol bans
> - General harm reduction activities carried out by the TA and ay Local Government Official Information and Meetings Act 1987 requests.

Council has followed the guidance from the Ministry of Justice and has structured our fees and costs in line with the guidance. This is an iterative process, where Council will be reassessing this information on a continuous basis to ensure there is compliance with the legislation, if a bylaw is considered.

Several Councils have adopted an alcohol bylaw, though the majority of Councils rely on the central government set fees. The Councils that have adopted an alcohol fees bylaw include Wellington, Hamilton, Whangarei, Tauranga, and Porirua.

If Council chooses to proceed with the adoption of an Alcohol Fees Bylaw this would increase the amount of regulatory documentation, which needs to be maintained by Council staff. If a bylaw is adopted Council would have to review the bylaw in 5 years, as required by the Local Government Act 2002.

The changes to the Local Government Act 2002, introduced in the Local Government Systems Improvement Act 2026, require that when considering the delivery of a regulatory function an analysis of the total costs and benefits of any decision or action must be taken into account. A cost-benefit analysis or similar review was not completed as part of this report, however future analysis may take place to comply with legislation. There are a few considerations that Council is currently contemplating, that may be integrated into a cost-benefit analysis or further consideration by staff:

- An alcohol fees bylaw recovers only the council's regulatory cost including processing, inspection, monitoring, enforcement, the DLC. It can't be set to capture alcohol's wider social cost, to raise general revenue, or to discourage drinking. So the broad harm-versus-benefit material below is valuable *context* for the community conversation and for the Local Alcohol Policy, but it can't drive the fee level.
- Hospitality and licensed premises provide employment, anchor town-centre vitality and social connection, host events, and underpin the visitor economy. For Rotorua that consideration is relevant, tourism and hospitality are an economic factor, so the sector's viability is itself a community interest. Alternatively, the alcohol industry is a legitimate private business, therefore how much should the rate payer be subsidising the processing of such licences?
- The original central government fee structure was set up with the intent for TA’s to fully recover costs.
- Fee income depends on the number and risk-mix of licences; if premises close or shift category, projected revenue softens.
- The status quo option isn't cost-neutral: the impact to the general rates budget is projected to grow and real recovery to decline each year.
- There is a question regarding consistency in approach with other financial instruments and how an alcohol fee bylaw would fit into the greater financial approach taken by Rotorua Lakes Council.

The adoption of the Regulatory Standards Act 2025 requires that Council staff conduct several pieces of analysis when deciding on secondary legislation, which includes local bylaws. The adoption of a bylaw would require a Consistency Accountability Statement, which is an assessment against the principles in the Regulatory Standards Act 2025. If there is a deviation from the principles, which is likely to occur, staff are required to produce a Statement of Reasons, which explains any deviation from the principles in the Regulatory Standards Act 2025.

This bylaw would affect further development of strategic documents, as the Alcohol Fees Bylaw would impact future annual and long-term budgets. The bylaw would set out the mechanism for collecting more monies through fees. Council staff are currently considering using an alcohol fees bylaw to integrate these new fees into the fees and charges process carried out through the long-term plan and annual plan process. This would ensure alignment of these fees into the central fees and charges document, and would not require future bylaw development to modify these fees.

The current approach considered by staff is that the fees adopted through the bylaw would be reviewable through the annual plan and long-term plan. This inclusion of alcohol fees into these documents would require future review and assessment of Council services and budgets.

7.3. Te Aromatawai Whakapātanga Ki Te Tāngata Whenua
Tāngata Whenua Impact Assessment

The current proposal does not have any specific obligations or requirements to Tāngata Whenua or Iwi Kainga. The decision is related to direction on fees and charges which would later result in a consultation process, if Council chooses to proceed with the development of a bylaw.

During that consultation there is the ability to have Tāngata Whenua to submit on the proposed bylaw and to speak to their views.

7.4. Tūraru
Risks

There are limited risks associated with this individual decision. The overall decision to adopt a Bylaw, with all its revenue related impacts to Council operations, will have a consequential effect on the 2027 – 2037 LTP and future budgets. There are other risks associated with the adoption of the Bylaw that will be explored at that future decision, if Council approves the development of the Bylaw.

7.5. Te Whaimana
Authority

Under section 405 to the Sale and Supply of Alcohol Act 2012 allows Council to create a bylaw related to alcohol licensing.

Councils can adopt bylaws under the Local Government Act 2002 to manage specific local issues.

10.4 LONG-TERM PLAN 2027-2037 PROGRAMME UPDATE

Prepared by: Gomathi Konara, Governance & Democracy Advisor

Approved by: Greg Kieck, Manager, Governance, Strategy & Compliance

Attachments: 1. Long-Term Plan 2027-2037 Programme Update (distributed separately)

1. TE PŪTAKE PURPOSE

The purpose of this report is to receive a presentation on Long-Term Plan 2027-2037 programme update.

HE TŪTOHUNGA RECOMMENDATION

1. That the report 'Long-Term Plan 2027-2037 Programme Update' be received.

Placeholder for Attachment A

Long-Term Plan 2027-2037 Programme Update

(distributed separately)

10.5 ADOPTION OF THE 2025/26 ANNUAL REPORT

Prepared by: **Michelle Overbeek, Acting Chief Financial Officer**

Approved by: **Andrew Moraes, Chief Executive**

Attachments: **Attachments will be distributed separately**

1. TE PŪTAKE
PURPOSE

The purpose of this report is to adopt the audited Annual Report of the Rotorua Lakes Council for the year ended 30 June 2026.

HE TŪTOHUNGA
RECOMMENDATION

1. That the report 'Adoption of the 2025/26 Annual Report' be received.

2. That the Council resolves to adopt the Annual Report and the Audited Summary for the Rotorua Lakes Council for the year ended 30 June 2026.

3. That the Mayor and Chief Executive be authorised to sign the Letter of Representation and Statement of Compliance section of the Annual Report.

4. That the Chief Executive be authorised to make minor editorial changes, if any, as agreed with Council's auditors.

2. TE TĀHUHU
BACKGROUND

The Local Government Act 2002 requires that Council adopt an Annual Report within four months of the end of the financial year, containing the financial and non-financial performance of Council for the financial year.

Alongside the Annual Report, Council is also required to prepare a summary of the annual report which must contain a separate auditor's report relating to its compliance. Within one month of adoption, copies of the annual report and the summary must be forwarded to the Secretary of Local Government, the Auditor-General and the Parliamentary Library. The report must also be made available to the public.

The adopted annual report and summary consists of:

- Year in review containing - The Chief Executive's report
- Highlights and major achievements for the year

- Statements of service performance and achieved targets
- Financial prudence regulations
- Financial statements and accompanying notes
- Report of the Auditor General

On 28 October 2026, the Chief Financial Officer will provide the final financial position on which Audit New Zealand have based their audit opinion. Audit New Zealand will also be in attendance at the meeting to present their audit opinion and to give an overview of the audit process, including any key findings.

3. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Rotorua Lakes Council operated in a challenging environment during 2025/26, with ongoing inflationary pressures, increasing infrastructure costs, adverse weather events, and growing regulatory requirements impacting both Council and the wider local government sector. Despite these challenges, Council maintained a stable financial position, continued delivering essential services, and invested in critical infrastructure across the district.

Council recorded an operating deficit for the year, reflecting increased expenditure pressures including infrastructure maintenance, legal costs, weather-related recovery works, and broader inflationary impacts. While these pressures affected the final result, revenue performance remained resilient and helped offset a significant portion of these additional costs.

Delivery of the capital programme was lower than originally planned due to project complexity, procurement and market constraints, and the increasing scale of infrastructure investment occurring across New Zealand. These challenges are being experienced throughout the local government sector. Despite this, Council remains committed to investing in infrastructure that supports community wellbeing, growth, resilience, and environmental outcomes.

Council remained compliant with all treasury and borrowing requirements throughout the year, providing confidence that financial risks continue to be managed prudently.

4. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

5. NGĀ KŌRERA O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

There are no community input/engagement or publicity issues relevant to this report.

6. HE WHAIWHAKAARO CONSIDERATIONS

6.1. Mahere Pūtea Financial/Budget Considerations

There are no financial or budget considerations relevant to this report.

6.2. Kaupapa Here Me Ngā Hiraunga Whakariterite Policy and Planning Implications

There are no policy and planning implications relevant to this report.

6.3. Te Aromatawai Whakapātanga Ki Te Tāngata Whenua Tāngata Whenua Impact Assessment

There are no Tāngata Whenua considerations relevant to this report.

6.4. Tūraru Risks

There are no risks relevant to this report

6.5. Te Whaimana Authority

Council has the authority to receive this report, and to adopt the Annual Report.

10.6 RENEWAL OF THE ARTS VILLAGE LEASE

Prepared by: **Samantha Martin, Facilities Services Manager**

Approved by: **Stavros Michael, Group Manager, Infrastructure and Assets**

Attachments:
1. **Arts Village Trust Impact and Letter**
2. **CBRE Market Valuation - Arts Village March 2026**

1. TE PŪTAKE
PURPOSE

The current lease between Council and the Rotorua Arts Village Trust Board for the premises at 1240 Hinemaru Street expired on 1 July 2026.

This report is to seek a decision on the preferred path for the renewal of the Arts Village Trust lease of the Arts Village building located at 1240 Hinemaru Street, within the Government Gardens Gifted Reserve.

2. TE TUHINGA WHAKARĀPOPOTOTANGA
EXECUTIVE SUMMARY

The current lease between Council and the Rotorua Arts Village Trust Board for the premises at 1240 Hinemaru Street expired on 1 July 2026. The lease commenced on 1 July 2016 for a ten-year term at a nominal rental of $120 per annum plus GST.

The premises are located within the Government Gardens Gifted Reserve and are recognised as a Heritage New Zealand-listed heritage building. This is a Council-owned community facility and through the current tenancy the property plays an important role in supporting arts and cultural activities within the district.

An independent market rental assessment completed by CBRE on 6 March 2026 assessed the market rental value of the property at $163,500 per annum plus GST. This provides Council with an objective and evidence-based benchmark for determining future occupation arrangements and for clearly identifying the value of any ratepayer subsidy or concession that Council may elect to provide.

The expiry of the lease provides Council a timely opportunity to review the future occupation of the facility and ensure any arrangement aligns with the newly considered Facilities Policy and Facilities Strategy. These plans emphasise portfolio optimisation, transparent decision-making, sound asset management, and long-term financial sustainability.

HE TŪTOHUNGA
RECOMMENDATION

1. That the report ‘Renewal of the Arts Village Lease’ be received.

2. That the Council note the objectives set by the newly considered Facilities Strategy and consider the optimum path towards pursuing those objectives.

3. That the Council approve the renewal of the lease to the Rotorua Arts Village Trust Board based on an interim annual lease of $50,000 p.a. for a term of three years. Further extension of that term can only be made if the Trust agrees to meet the market assessed lease of $188,00 p.a. subject to agreement of final commercial and legal lease terms. Delegate authority to the Chief Executive, or their nominee, to negotiate, finalise and execute all relevant commercial and legal lease terms, including lease term, rights of renewal and associated documentation.

Or;

That the Council directs officers to terminate the lease with the Arts Village Trust and commence exploration of alternative options for the use of the facility and present the outcomes of that exploration through a business case and recommendations.

3. TE TĀHUHU
BACKGROUND

The Arts Village is located at 1240 Hinemaru Street, Rotorua, within the Government Gardens Gifted Reserve (Certificate of Title SA34C/324). The facility is a Council-owned heritage community asset with an optimised replacement value of approximately $7.45 million. Nominal annual asset management cost forecasts, based on the Facilities Strategy's prudent investment framework (2% of replacement value for renewals and 1% annual for maintenance) identify cost liability expenditure of about $224,000 per annum. This is an average expenditure liability per annum over the life of the facility. Actual cost demand will vary from year to year depending on which facility component is due for renewal and related repair interventions required.

The site is currently occupied by the Rotorua Arts Village Trust Board, a charitable trust established to promote arts and cultural activities in the Rotorua district with their objective set to maintain the Arts Village as a publicly accessible facility for arts and cultural purposes. Under the current lease arrangement, the tenant is responsible for rent and a range of operating outgoings, while Council retains responsibility for maintaining the building, building services and specified compliance systems required to meet Building Warrant of Fitness (BWOF) obligations.

The current lease restricts the use of the facility to arts and cultural related activities for the public of Rotorua, including tuition, exhibitions, displays, performances, the sale of artworks. The Arts Village Trust notes that it supports more than 23,000 participant visits annually and contributes to Rotorua's cultural and related community activities.

The current lease commenced on 1 July 2016 and its term expired on 1 July 2026. The lease records a nominal annual rental of $120 plus GST. The expiry of the lease requires Council to determine the future use of the facility, including whether a new lease should be granted and, if so, on what basis and terms.

In preparation for this process and noting the Council's newly developed Facilities Strategy, officers commissioned in February 2026 an independent market rental assessment from CBRE. The Village Trust was advised of this assessment. The valuation, completed on 6 March 2026, assessed the property as a vacant single tenancy and determined a market rental value of about $188,000 per annum including GST. The assessment covered the 1,070.2m² main building, a garage, 955m² of green space and 26 car parks. The valuation provides Council with an objective market benchmark for lease expectations.

The future of this lease must be considered within the context of Council's Facilities Policy and Facilities Strategy, which provide a consistent framework for the management of Council-owned facilities. These plans emphasise portfolio optimisation, transparent decision-making, sound and consistent asset management practices and long-term financial sustainability.

The Facilities Policy requires Council to take a portfolio-wide approach when making decisions, considering costs to the ratepayer, identified benefits, liability risks, return on public funds investment or options for divestment, and alignment with the Long-Term Plan, Infrastructure Strategy, Asset Management Plans and other relevant Council adopted policies.

The expiry of the current lease presents a timely opportunity to review the ongoing strategic purpose of the facility and ensure that any future facility occupation arrangement reflects and aligns with Council's objectives as set in the adopted Facilities Strategy.

Based on the Facilities Strategy assessment methodology, the facility achieves a low overall portfolio performance score due principally to its miniscule financial return under the existing rental arrangement. The general ratepayer carries the lion share of the cost burden for the facility.

Rotorua Arts Village Trust Board Feedback

The Trust has been advised of this process in February 2026. There have been subsequent communications with them on the assessed market value and follow up meetings with the CE and GM of Infrastructure. Following the meeting with the senior officers the Trust forwarded a letter advising of their views and constrains to meet the market assessed lease level (The Trust's letter is attached to this report).

In brief, the Arts Village Trust suggests that it provides affordable space for artists, community groups, educators and cultural organisations. In addition to participant visitation, the facility supports exhibitions, workshops, performances, community programmes and creative enterprise activity that contributes to Rotorua's cultural identity and community wellbeing.

The Trust Board has advised that the identified market rental would represent a significant increase in operating costs, increasing total annual expenditure by approximately two-thirds. The Trust considers that it would be unable to absorb this increase despite ongoing efforts to grow revenue and secure additional funding. Their letter indicates that they are able, under significant financial stress, to accept a lease/rental of $50,000 p.a. and seek certainty through a lease term of 3+3+3 years with the opportunity to renegotiate should the Trust be in a position to take over the building liabilities.

This would give the Arts Village the certainty it needs to secure multi-year funding, invest in independent revenue, and plan for the long-term future of the building, while protecting Council from the holding costs of an empty heritage facility.

The Trust suggests that the Arts Village provides services and community value that Council would otherwise need to fund, deliver or go without.

While acknowledging Council's need to achieve greater transparency regarding the value of community occupancy arrangements, the Trust has requested consideration of a negotiated affordable to them rental that reflects the community, cultural, social, and economic benefits delivered through the Arts Village. The Trust has advised that implementation of the full market rental is likely to make ongoing operation of the facility financially unsustainable.

The Trust has indicated its commitment to continuing to work constructively with Council to achieve a mutually acceptable outcome that enables the Arts Village to continue serving the Rotorua community.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA
DISCUSSION AND OPTIONS

In considering the future of the lease, the Council should consider options that are consistent with the adopted Facilities Strategy objectives that in brief aim to adequately fund facilities that are critical to serving Council agreed strategic objectives while facilities that do not serve such objectives should either be divested, repurposed or managed in a way that remove cost liabilities from the general ratepayer.

Option 1: Do minimum / hold over current status

Under this option, the Rotorua Arts Village Trust Board would be permitted to remain in occupation even though the lease expired while Council initiates strategic divestment or repurposing exploration options.

This option maintains continuity of occupation in the short term. However, it does not provide certainty for either Council or the tenant.

While this option may be appropriate as a temporary administrative measure during negotiations, it is not considered a suitable viable long-term solution for either party.

Option 2: Renew the lease based on the value of $50,000 proposed by the Trust but with a term of only 3 years while Council undertakes alternative strategic review of options

This option involves finalising a new lease with the Rotorua Arts Village Trust Board based on the rental value proposed by the Trust with the objective that in three years the Trust can meet the market value lease or the lease terminated at that point in time with any new arrangements explored replace the tenancy.

The option retains the existing arts and cultural activities delivered from the facility in the next three years with improved transparency around the ratepayer financial subsidy to the Trust.

It provides a reasonable timeframe for Council to undertake a strategic review of alternatives and for the Trust to explore funding options to meet the actual market rent identified. The ratepayer subsidy elimination remains the core objective. However, the attainment of that goal is elongated by three years.

This option provides the strongest transitionary alignment with Council's strategic direction set by the Facilities Strategy.

Option 3: Renew lease for the term proposed by the Trust and at the proposed value of $50,000

Under this option, Council would renew the lease but will continue to provide ratepayer financial support through a rental concession or subsidy in the order of $138,000 p.a.

This approach would maintain the ability of the Trust to deliver the community outcomes they pursue. This option would require Council to balance the perceived social benefits of the Trust's activities against competing funding priorities and the financial sustainability objectives as set in the Facilities Strategy. It is not aligned with the Facilities Strategy objectives.

Option 4: Terminate the lease

Under this option, Council would exercise its rights under the lease and terminate the tenancy, allowing alternative uses of the property to be explored.

Potential options could include but are not limited to:

- Occupation for other Council purposes.
- Leasing the facility to another tenant at market rates.
- Repurposing the building for an alternative community use as agreed by Council.
- Disposal of the asset through a separate decision-making process including the right of first refusal at Council's discretion.

This option would provide Council with greater flexibility regarding the future use or purpose of the property. The option aligns with the objectives of the Facilities Strategy to either secure income through a sale of a non-critical asset or to eliminate on-going ratepayer cost burden.

The option would also introduce a range of transition risks. These may include the displacement of existing arts and cultural programmes, relocation costs for current users, costs will remain associated with managing or securing a vacant heritage building, reputational impacts, and potential community concern regarding the loss of a long-standing arts and cultural facility.

Any alternative use would require further assessment of operational, financial, heritage, and stakeholder implications.

Assessment of Options

The options have been assessed against the following criteria:

- Strategic alignment with the Facilities Policy and Facilities Strategy.
- Financial impact, return on investment, and transparency for any ratepayer subsidy.
- Service and desirable community outcomes.
- Deliverability and implementation risks in the transition phase.
- Long-term implications for the Council's facilities full portfolio.

Preferred Option

On balance, Option 2, renewing the lease based on the Trust's proposal of lease ($50,000 p.a.) for a three-year term that can either be extended if the Trust is able to meet the market lease valuation or be terminated after that term.

This option will maintain the community and cultural benefits currently delivered through the Arts Village while somewhat improving financial transparency and alignment with Council's Facilities Policy and Facilities Strategy. It establishes a clear market-based transition benchmark for occupation to be achieved and a reasonable timeframe for Council to explore other possible options in the meantime.

5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

6. NGĀ KŌRERA O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

The Council already has a sound understanding of the views and preferences of the persons likely to be affected or interested in the matter. The current tenants being the Arts Village Trust have been actively engaged with since the start of 2026 when the market valuation was undertaken. Their feedback is documented in section 3 of this report along with the attached impact report and letter that they provided to Council.

7. HE WHAIWHAKAARO CONSIDERATIONS

7.1. Mahere Pūtea Financial/Budget Considerations

The proposal does not require any new capital expenditure. Any future landlord-funded works identified through condition assessments, compliance requirements, or building improvement programmes would be subject to separate business cases, funding approvals, and Council decision-making processes.
Under the existing lease arrangement, the tenant is responsible for payment of rent and a range of operating outgoings. Rotorua Lakes Council, as landlord, remains responsible for maintaining the building, building services, and specified systems necessary to meet Building Warrant of Fitness (BWOF) obligations in accordance with the lease terms.

Financial Notes

Renewal of the lease at market rent would significantly improve the financial return generated from the asset. However, the tenant's ability to fully meet the market lease is not available. The proposed new lease for three years represents a $50,000 improvement to the current lease but remains at only about 26% of the market level.

The market valuation establishes a transparent and defensible basis for rental setting by separately assessing the various components of the property, including the main building, car parking, garage, and associated green space. This provides Council with a clear understanding of the revenue potential of the asset and enables any future rental concession or ratepayer subsidy to be explicitly identified and quantified.

The market assessment also provides an independently verified benchmark against which future support provided to the Rotorua Arts Village Trust Board (if directed by Council) can be measured, ensuring transparency and alignment with Council's financial sustainability objectives.

Financial Assessment

Current asset management forecasts indicate that ongoing ownership of the facility requires both operational expenditure and long-term sustained investment in renewals.

The Arts Village has an optimised replacement cost of $7.45 million and a depreciated replacement cost of $1.08 million, with an estimated 14% remaining useful asset life. Forecast average annual renewal and facility maintenance requirements are at about $224,000. Noting the residual asset's useful life it is likely that significant investment will be required over the 5-10 years.

Market Rental Valuation
CBRE's independent market rental assessment dated 6 March 2026 assessed the total market rent for the property at $163,500 per annum plus GST and outgoings.
The assessed rental components are:

The assessed rental components are:

Property Component	Annual Rent	Rate applied
Main Building (1,070.2m²)	$142,413	$120–$135 per m²
26 Car Parks	$16,900	$12.50 per park per week equivalent
Garage	$1,800	$50 per m²
Green Space (955m²)	$2,388	$2.50 per m²
Total Market Rent	**$163,500**	**+ GST**

7.2. Kaupapa Here Me Ngā Hiraunga Whakaritenga
Policy and Planning Implications

The preferred option better aligns with the Facilities Policy and Facilities Strategy that requires Council to take a portfolio-wide approach to facility decisions, considering costs, benefits, risks, return on investment or divestment, and alignment with the Long-Term Plan, Infrastructure Strategy, Asset Management Plans and other relevant Council policies.

7.3. Te Aromatawai Whakapātanga Ki Te Tāngata Whenua
Tāngata Whenua Impact Assessment

Not applicable

7.4. Tūraru
Risks

The proposed lease renewal under Option 2 presents several financial, reputational, legal, and operational risks that require consideration as part of Council's decision-making process.

Financial Risk

The primary financial risk relates to the ongoing ratepayer subsidy to the tenancy.

If the lease is only agreed to be renewed at the independently assessed market rental rate there is a risk that the increased rental obligation will create unsustainable financial pressure for the Rotorua Arts Village Trust Board. Conversely, if Council elects to provide a rental concession or subsidy, the financial cost of that support will continue to be borne by ratepayers.

Mitigation

- Use the CBRE market rental assessment dated 6 March 2026 as the primary benchmark for lease objectives and decision-making by Council.
- Engagement with the tenant regarding affordability, market rent implementation timeframes, and transitional arrangements provides the tenant a reasonable timeframe to pursue funding options within the next three years.
- Clearly identify and quantify the interim subsidy or concession approved by Council to ensure transparency regarding the level of ongoing ratepayer support.

Reputational and Policy Alignment Risk

Moving from the current nominal rental arrangement to a market-based rental model may be perceived by some stakeholders as a reduction in Council support for arts and cultural activities. Conversely, continuing to provide a subsidy without explicitly recording and justifying that support could be viewed as inconsistent with the Facilities Policy and Facilities Strategy objectives relating to transparent decision-making, portfolio optimisation, and financial sustainability.

Mitigation

- Clearly communicate the rationale for Council's decision, including the distinction between market rent and any approved ratepayer financial support.
- Ensure any subsidy is an explicit Council decision that is separately identified and transparently reported.
- Demonstrate how the decision aligns with the Facilities Policy, Facilities Strategy, and Council's broader community outcomes and objectives.

Legal and Compliance Risk

The independent rental valuation has been prepared on the basis of several assumptions, including vacant possession for valuation purposes, standard ADLS lease terms, normal tenant outgoings, reliance on available plans and measurements, and the absence of undisclosed title, structural, environmental, or compliance issues.

There is a risk that lease documentation may not be finalised promptly, increasing uncertainty regarding the occupancy arrangements.

Mitigation

- Confirm that no material issues are known that would invalidate the assumptions underpinning the valuation, including building condition, structural integrity, title matters, contamination, hazardous materials, or significant discrepancies in floor areas when exploring alternative options.
- Legal review of proposed lease documentation prior to execution.
- Base negotiations and Council decision-making on the independently assessed market valuation and supporting professional advice.

Delivery and Timing Risk

Delays in lease negotiations or approval processes may result in the tenant remaining in occupation under a holding-over arrangement following expiry of the previous lease. This may create uncertainty for both Council and the tenant and delay implementation of updated lease terms.

Mitigation

- Progress lease negotiations as soon as practicable following Council direction.
- Maintain regular engagement with the tenant throughout the negotiation process.
- Establish agreed timelines for lease documentation and execution to minimise the duration of any holding-over arrangement.

Overall Risk Assessment

The risks associated with lease renewal are considered manageable and can be effectively mitigated through use of the independent market valuation, clear documentation of any tenancy subsidy decisions, proactive stakeholder engagement, and timely completion of lease negotiations. Renewal of the lease on updated terms provides greater certainty, transparency, and alignment with Council's strategic asset management and financial sustainability objectives than continuation of the current arrangement.

7.5. Te Whaimana Authority

Council has the authority to make this decision.

Letter to Andrew Moraes – Arts Village lease

Delivered via email

14 October 2026

Andrew Moraes Chief Executive Rotorua Lakes Council

Kia ora Andrew,

Re: Lease to the Rotorua Arts Village Trust

Thank you for the opportunity to set out the Arts Village Trust's position ahead of Council's decision on the future of The Arts Village.

$50,000 keeps the Arts Village open; $180,000 would likely close it

The Trust is prepared to commit to an annual rental of $50,000 if it secures the future of the Arts Village. This will be a genuine struggle. It means reducing services, including staffing, and still finding approximately $40,000 of additional funding every year.

We are willing to take that on because the alternative is losing the Arts Village altogether. A full market rental of $180,000 is beyond any combination of grants, earned revenue and cost savings available to us, and would force the Arts Village to close.

How the Arts Village is funded

Our current funders include:

- Bay Trust
- COGS (Community Organisation Grants Scheme)
- Civic Arts Trust
- Creative Communities
- Lotteries NZ
- NZCT
- One Foundation
- Rotorua Trust

We also earn revenue from workshops, children's art classes, sub-tenant leases, exhibitions and donations.

We are working hard to build new, independent revenue streams. We know the funding pool is shrinking while demand on those funds is increasing, and we do not want the Arts Village to depend on grants any more than it must. Even at $50,000, rent will draw on funds we need to make that shift, but it is a commitment we are prepared to make.

The community good the Arts Village delivers

The Arts Village provides services and community value that Council would otherwise need to fund, deliver or go without:

- Arts education for tamariki – children's art classes and holiday programmes that are affordable and accessible to local whānau.
- Affordable creative space – studios and workspace for local artists and creative businesses, keeping that talent in Rotorua.
- Exhibition and performance space – a platform for local, emerging and Māori artists to show and sell their work.
- A community hub – a welcoming venue for community groups, workshops and events, supporting connection and wellbeing.
- Kaitiakitanga of a heritage building – day-to-day care, activation and security of a heritage building funded by Rotorua Trust on land gifted by Ngāti Whakaue. Without an active tenant, these holding costs fall back on Council.
- External funding brought into Rotorua – every year the Arts Village attracts regional and national funding into the city that would not otherwise be spent here.
- Volunteer contribution – volunteers give significant time to the Arts Village, adding value well beyond our paid staffing.

In short, the Arts Village delivers on Council's own aspirations for a vibrant, creative and connected Rotorua, at a fraction of what it would cost Council to provide these services itself.

Our proposal

We are seeking a 3 + 3 + 3 year lease at an annual rental of $50,000, with the opportunity to renegotiate should the Trust be in a position to take over the building.

This would give the Arts Village the certainty it needs to secure multi-year funding, invest in independent revenue, and plan for the long-term future of the building, while protecting Council from the holding costs of an empty heritage facility.

We would welcome the opportunity to meet with you to discuss this further, and to work with Council towards an outcome that keeps the Arts Village serving Rotorua.

Ngā mihi nui,

Anna Steele
Chair – Rotorua Arts Village Trust
[redacted]

CBRE VALUATION & ADVISORY SERVICES

CBRE

Market Rental Assessment

1240 Hinemaru Street, Rotorua, Rotorua

Market Rental Date 6 March 2026

Prepared For Rotorua Lakes Council

Market Rental Assessment | 1240 Hinemaru Street, Rotorua, Rotorua 3010



Contents

1 Market Rental Certificate 4

2 Introduction 5
- 2.1 Instructions 5
- 2.2 Market Rent Definition 5
- 2.3 Industry Practice 5
- 2.4 Information Provided 5
- 2.5 Confidentiality 5
- 2.6 Special and Significant Assumptions 6

3 Land 7
- 3.1 Location 7
- 3.2 Site Description 8

4 Premises 9
- 4.1 Property Description 9
- 4.2 Key Property Attributes 9
- 4.3 Construction Details 10
- 4.4 Site Improvements 10
- 4.5 Photos 11
- 4.6 Floor Areas 12
- 4.7 Environmental, Social, Governance (ESG) 12

5 Occupancy Details 13
- 5.1 Introduction 13
- 5.2 Outgoings 13

6 Market Rent Considerations 14
- 6.1 Market Overview 14
- 6.2 Rental Evidence 16
- 6.3 Rental Evidence Commentary 17
- 6.4 Rental Evidence Conclusions 18
- 6.5 Market Rent Assessment 18

7 Disclaimers & Qualifications 20

1 Market Rental Certificate

Market Rental Assessment as at 6 March 2026

$163,500 per annum

The above market rental assessment is plus GST and outgoings.

Key Details

Tenancy	The property is currently tenanted; however, we have been instructed to assess the market rent as vacant and subject to a single tenancy.
Address	1240 Hinemaru Street, Rotorua, Rotorua
Brief Premises Description	A market rental assessment for the Rotorua Arts Village building including a garage, green space, and 26 car parks.
Total Rentable Area	1,070.2 sqm (Net Rentable Area).
Car Parking	26 bays.
Disclaimers, Limitations & Qualifications	*All data provided in this Certificate is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Disclaimers section of this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

Prepared By CBRE Limited



Irimana Ngawhika,
Registered Valuer
Valuation & Advisory Services
Property Inspected: Yes
Job Involvement: Valuation & Analysis

2 Introduction

2.1 Instructions

Key Constituents	
Client	Rotorua Lakes Council
Instructing Party	Samantha Rowley
Basis of Valuation	Market Rental Assessment for New Lease Negotiation
Valuation Date	6 March 2026
Inspection Date	6 March 2026
Report Issue	5 May 2026
Valuation Currency	All dollars quoted in this report are NZD.

2.2 Market Rent Definition

IVS Definition

In accordance with the International Valuation Standards (IVS), the definition of Market Rent is: "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

2.3 Industry Practice

Report Format

Our valuation has been prepared in accordance with International Valuation Standards (effective 31 January 2025) and Guidance Papers for Valuers and Property Professionals published by the Australian Property Institute (API) and New Zealand Institute of Valuers (NZIV).

Industry Practice

We hereby certify that the Principal Valuer is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

2.4 Information Provided

Summary

We have been provided with the following key information which has been relied upon within our report:

- Main Building Plans
- Deed of Lease

2.5 Confidentiality

Confidentiality

The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Report and may not be relied on by anyone other than the Client and named Intended Users.

No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.

Any valuation service is confidential as between CBRE, the Client and any Intended Users as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE.

As between CBRE, the Client and the Intended Users, all intellectual property rights in this Valuation Report are owned by CBRE.

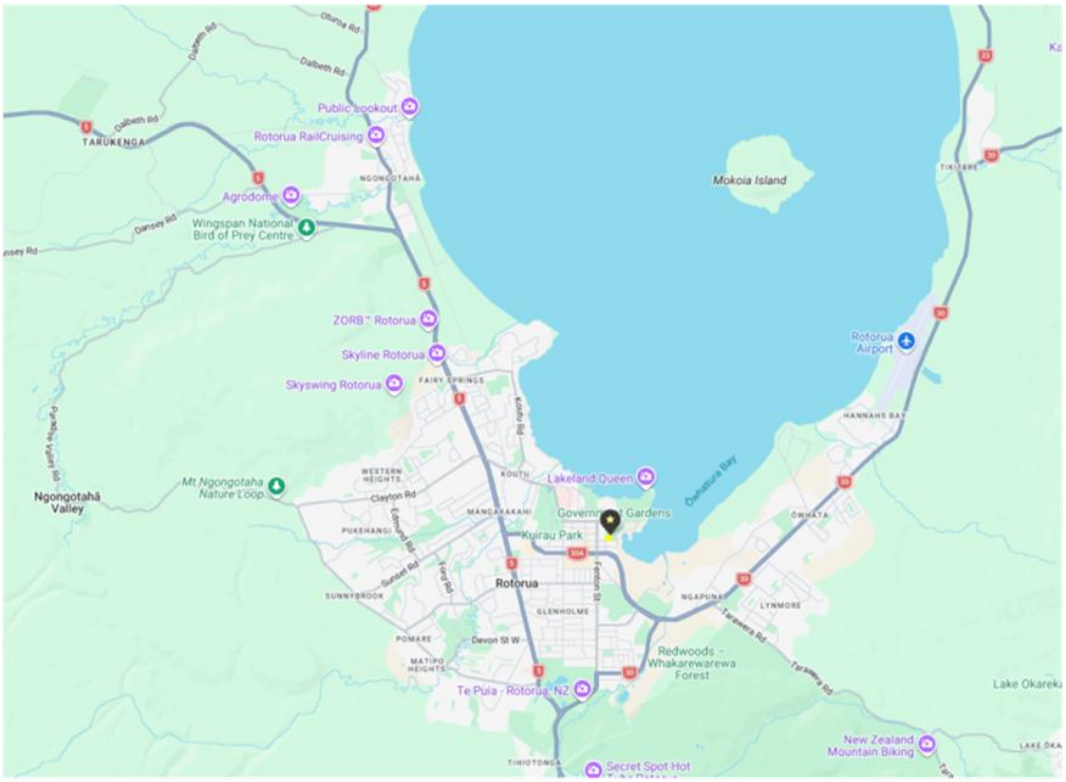
2.6 Special and Significant Assumptions

Preface	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Parties accept that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation. Refer to the Disclaimers and Qualifications Section, which is pertinent to this valuation report. Particularly critical to our valuation are the following assumptions:
Internal Access and Measurements	We were unable to access all areas of the main Arts Village building; however we have been provided with plans which we have relied upon within our assessment. We also assume that the internal areas that we were unable to access are in a similar condition to the surrounding areas that were inspected.
Measurements	We have been provided with the Deed of Lease that outlines the rentable greenfield area. We have adopted this measurement within our assessment.
Measurements	The Deed of Lease shows aerial measurements of the main building and garage. Our assessment relies on net onsite measurements and the building plan provided.
Comments	We reserve the right to amend our assessment if these assumptions are proven inaccurate.

3 Land

3.1 Location

Local Map



Source: Google Maps

Location Overview

The property is situated on the fringes of the Rotorua CBD and corner of Hinemaru and Hinemoa Streets. Tutanekai Street provides the main strip retail shopping in the Rotorua CBD. The higher volumes of foot traffic are towards the southern end of Tutanekai Street where the Rotorua Central Mall is located. The Rotorua Central Mall is a large retail facility including retail mall, bulk retail outlets, offices, banks and food outlets served by a large onsite car parking area. The highest pedestrian counts are found inside the Rotorua Central Mall. At the northern end of Tutanekai Street is the restaurant precinct known as 'Eat Streat'. An undercover canopy has been erected with pedestrian walkways and a wide range of restaurants and eating establishments are located there. The side street locations within the Rotorua Central Business District generally provide for destination retail and office accommodation with some larger office buildings located on the northern fringes along Pukaki, Fenton and Haupapa Streets.

Most offices are located on the fringes predominantly to the north, west and east of the CBD.

Also located close to the CBD are several iconic tourist attractions located in the Government Gardens including the Rotorua Events Centre, the Sir Howard Morrison Performing Arts Centre, the Rotorua Village Green and Lakefront Reserve, all providing good outdoor and indoor recreation facilities. The main tourist information centre is on the corner of Fenton and Arawa Streets, and this also serves as the main bus stop for regional and local buses.

Surrounds

Surrounding properties comprise predominantly offices, residential accommodation and the Government Gardens. Also nearby is a hotel and the local police station.

3.2 Site Description

Aerial View



Description	The site is irregular shaped and set to a corner position. The contour is generally level throughout. The site has two main driveway access points which are exclusive.
Services	Typical municipal services are connected to the site.
Flood Risk	Council planning information indicates the site is not affected by flooding hazards.
Greenfield	The Deed of Lease outlines an area of 955m² immediately north of the building which we have adopted within our assessment. We have completed on-site measurements for the two building areas.

Aerial View



4 Premises

4.1 Property Description

Brief Description	The Rotorua Arts Village is a heritage civic building, also known as Te Whare Toi o Rotorua providing office style accommodation over three levels. The western wing provides for the Lewis House and the eastern wing provides for the Wolhmann House.
Age	Early 1900s
Condition & Repair	Well-presented internally and externally
Car Parking	26 car parks are provided reflecting 1 bay per 41 sqm of lettable area.

4.2 Key Property Attributes

Ground Level

The ground floor is the main and largest office portion of the building providing a main hallway giving access to the eastern and western wing office accommodation plus three central studio rooms with supplementary storage areas and access at the rear of each room to an access driveway. There are bathroom and kitchen amenities at both ends. Extending in a northerly direction from the Lewis House is an additional accommodation currently utilised as a cafe.

Ceiling Height:	Mixed height ceilings.
Natural Light:	Quarter height perimeter glazing and glazing to the northern side
Artificial Light:	Mixed lighting
Outlook:	Open northerly aspect to the greenfield reserve
Amenities:	Full conventional staff amenities provided
Floor Coverings:	Carpet, vinyl, native timber, mosaic tile
Wall Linings:	Plasterboard, timber panels
Ceiling Linings:	Softboard tile, plasterboard, timber panels

First Floor

Two separate office areas; Lewis House (western wing) and the Wolhmann House (eastern wing) providing dated albeit tidy accommodation space. We were unable to access all areas of the Wolhmann House; however we have been provided with plans which we have adopted within our assessment. The Lewis House provides bathroom amenities, a central foyer and three separate rooms. The Wolhmann House provides a central foyer, four office accommodation areas and a kitchen.

Floor Coverings:	Vinyl and carpet
Wall Linings:	Timber panels and plasterboard
Ceiling Linings:	Timber panels and plasterboard

Second Floor	An open office room with two store areas. No bathroom or staff amenities provided.	
	Layout:	The office is an open plan basis.
	Ceiling Height:	Low height
	Floor Coverings:	Carpet
	Wall Linings:	Timber panels
	Ceiling Linings:	Timber panels
Garage	A conventional storage shed. We did not have internal access to this building.	

4.3 Construction Details

Foundations	Concrete pad and piles
Floors	Concrete and timber
Structure	Timber
External Walls	Timber weatherboard
Roof	Profiled metal
Windows & Joinery	Predominantly timber

4.4 Site Improvements

Yards	A 955m² open greenfield portion of grassed land immediately north of the main building
Car Parks	26 car parks

4.5 Photos

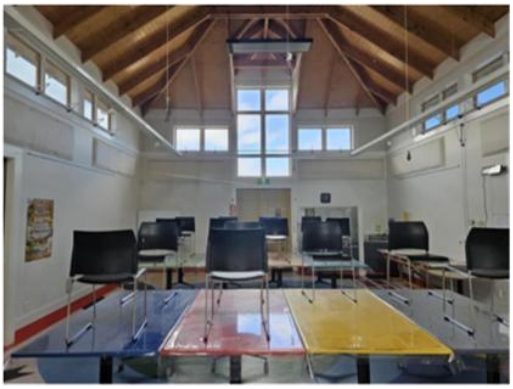
Photos



Southern Elevation



Central Hall



Studio



Second Floor Office



Garage



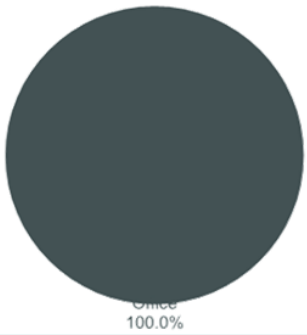
Car Parking

4.6 Floor Areas

Floor Area Source

On-site measurements undertaken in accordance with the relevant method from the PCNZ/PINZ Guide for the Measurement of Rentable Areas (Revised March 2023). Reliance was also placed on the Deed of Lease and the Building Plan. We reserve the right to amend our assessment if this is proven inaccurate.

FLOOR AREA ANALYSIS		
Component	0 (sqm)	%
Premises		
Ground Floor	867.0	81.0%
First Floor West (Lewis House)	65.6	6.1%
First Floor East (Wolhmann House)	112.0	10.5%
Second Floor (Lewis House)	25.6	2.4%
Total Rentable Area	1,070.2	100.0%
Car Parks		
Car parks	26	
Other Items		
Garage	36	
Green Space	955.0	
Total Other Items	991	
Total	**1,070.2**	



4.7 Environmental, Social, Governance (ESG)

Overview & Subject ESG Considerations

ESG is often associated with issues such as climate change and pollution; however, these relate specifically to the Environmental pillar, while the term ESG itself encompasses more far-reaching goals. With ESG now playing a much more prominent role in how companies operate, major commercial property investors are embedding ESG considerations into every stage of the property lifecycle, from due diligence to acquisitions and from leasing to asset management. As commercial property owners take steps to implement changes and mitigate risks, having an effective ESG framework is emerging as a key benchmark for achieving strong growth and maintaining profitability. For comments on Environmental factors, we refer you to the Site Description section of this report. We do not consider there to be any additional ESG specific risk/benefit factors that would materially affect the market rental value of the subject property, outside of any factors specifically noted elsewhere within this report. Please note that we are not experts in climate change and are not suitably qualified to comment on any associated potential impacts on value without a comprehensive environmental report, or on any associated insurance risks in relation to coverage and/or premium impact.

5 Occupancy Details

5.1 Introduction

Overview	The property is currently tenanted; however, we have been advised to assess the market rent on the basis the property is vacant and leased to a single entity. We have assumed a notional lease would be put in place using the standard ADLS (Auckland District Law Society) lease format (7th edition), with no onerous conditions on either party. Conventional lease terms include an initial term of four years with three rights of renewal of four years each and two-yearly market rent review, with the tenant responsible for all normal outgoings.

5.2 Outgoings

Outgoings Comment	We have not been provided an itemised outgoings budget for the subject property. We assume outgoings are within normal market parameters for an asset of this type.

Back to Index

6 Market Rent Considerations

6.1 Market Overview

Rental Market Commentary

The office rental market in Rotorua is split into three distinct sub-sectors.

1. A grade offices are highly sought after with limited supply. Rental levels for these have been increasing.
2. Rental levels for average-quality offices have remained static.
3. Below-average quality office rentals have been declining due to oversupply.

Observations in recent years include:

- **Vacancies:** Overall office vacancies have decreased.
- **Iwi/Māori Tenants:** An increase in Iwi/Māori-related entities making enquiries to obtain offices in Rotorua CBD.
- **Demolition, conversion and upgrade:** Changes include the demolition of a two-storey office building on Pukaki Street, the conversion of an office building at the corner of Pukuatua and Ranolf Streets into residential use, and the strengthening and modernisation of a two storey office building on Haupapa Street to attract tenants.

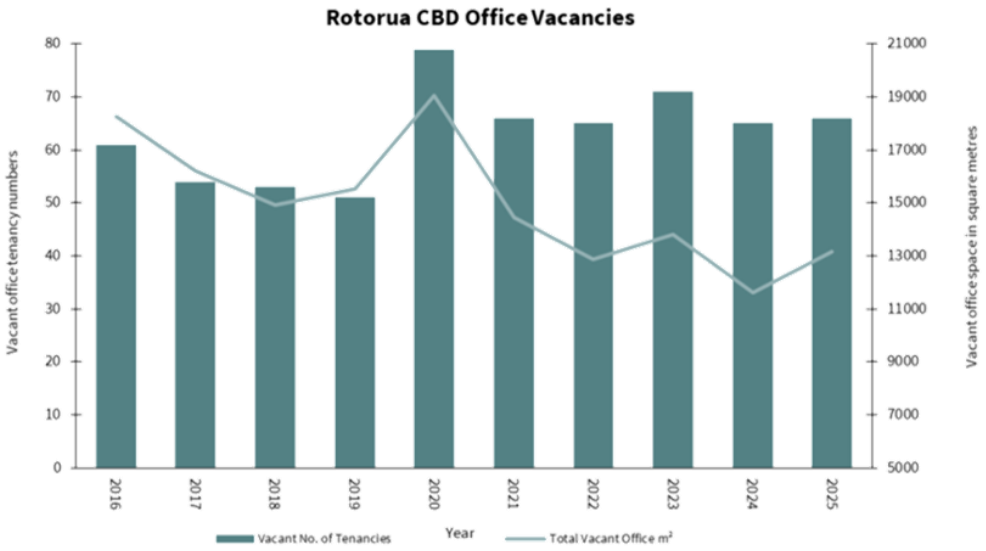
There have been no new developments in the last two years due to the broader weak economy. 2023 saw the addition of two new or refurbished buildings: the Manaaki Ora Health Centre, a new three-storey, owner-occupied building on Fenton Street, and a fully modernised, two-storey office at the corner of Pukaki and Fenton Streets, which achieved full occupancy in 2023.

However, Government agents and corporate tenants are increasingly seeking buildings with a seismic rating over 66% NBS. Locations with proximity to car parks, facilities, and amenities are also more favourable in the market. Additionally, rental increases during reviews of existing Grade A offices have put upward pressure on rents for better quality spaces. We also understand that a national business is seeking a relatively large A-grade space, but there is currently little available in the market.

Supply and Demand

The latest annual survey of office vacancies within the Central Business District was completed in December 2025 by CBRE Rotorua and showed a decrease in office vacancies by both floor area and number of vacant offices. We have concluded the key findings from the graph as below.

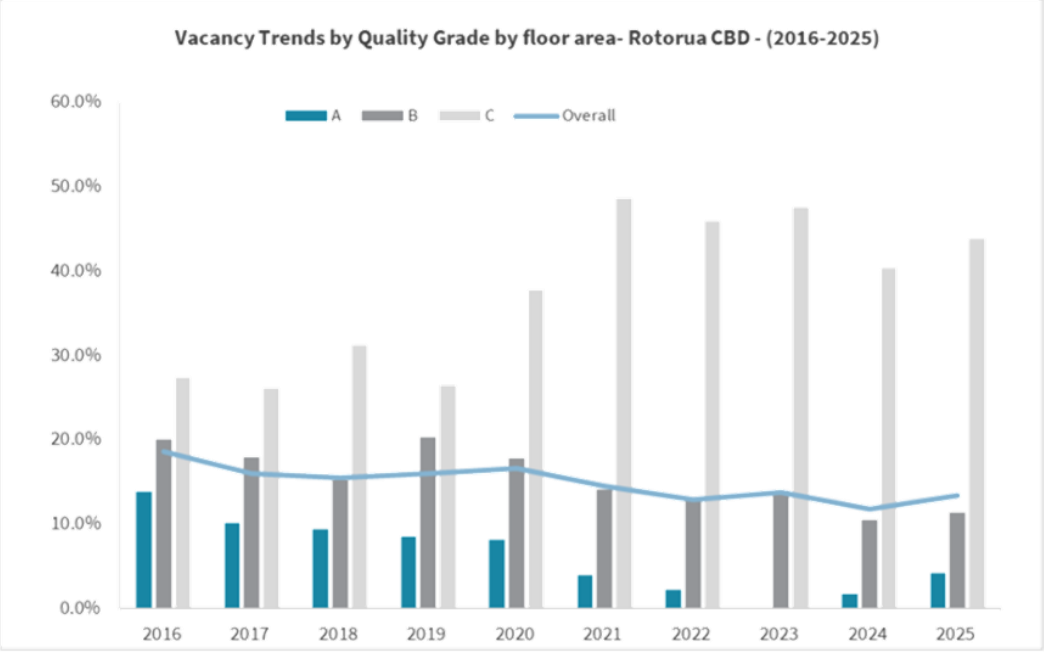
- **Vacancy rate:** 13.4% with 13,150m² vacant floor area.
- **Historical context:** On a floor area basis, 13.4% which is considered low over the last 25 years.
- **Trend:** In the past decade, there have been fewer vacant floor spaces in general, except for a spike around the Covid-19 pandemic.



We conclude the key findings from the graph below on a vacant floor area basis:

- Grade A: An increase to 4.2% in vacancies.
- Grade B: A relatively low vacancy rate of 11.4% in the past decade.
- Grade C: Increase to 43.9% due to the conversion of some spaces into other uses.

We have downgraded some Grade A offices based on the market information gathered. There is still an overarching trend of good demand for good quality premises and very little demand for low quality or low seismic strength properties.



6.2 Rental Evidence

Rental Evidence In establishing our opinion of market rental for the subject property, we have had regard to recent rental transactions within the wider market. We provide details of the most relevant market evidence below:

RENTAL EVIDENCE

Property	Tenant	Accom.	Area (sqm)	Rent ($psm)	NER ($psm)	Event Date
Confidential Rotorua	Confidential	Office - Ground floor	Conf.	$150		Aug-25
		Office - First floor	Conf.	$135		
		Storage - rear	Conf.	$60		
		Car parks - uncovered	Conf.	$20		
		Total	**~500**	**$151**	**$151**	
1334 Hinemoa Street Rotorua	New tenant	Offices	225	$198		Jun-25
		Garage	20	$75		*New Lease*
		Carparks	3	$15		
		Total	**225**	**$215**	**$215**	
57 Pererika Street Rotorua	New tenant (Ex Te Puna Manawa o Whakaue)	Offices	334	$182		Apr-25
		Carparks	10	$15		*New Lease*
		Total	**334**	**$195**	**$205**	
Confidential Rotorua	Confidential	Offices	Conf.	$166		Aug-24
		Covered carparks	Conf.	$25		*New Lease*
		Total	**~500**	**$227**	**$178**	
1130 Pukaki Street Rotorua	BDO	Office - First Floor	616	$186		Jul-24
		Car parks - uncovered	4	$33		*Renewal*
		Total	**616**	**$198**	**$198**	
1185 Tutanekai Street Rotorua	RAPHS Health Hub Koiora	Ground floor	383	$139		Feb-24
		First floor	357	$126		*Market Rent Review*
		Carparks	2	$18		
		Total	**740**	**$135**	**$135**	
1122 Pukaki Street Rotorua	Greenlight Brokers	Office - ground floor	502	$181		Nov-23
		Car parks - covered	2	$25		*Market Rent Review*
		Car parks- uncovered	1	$20		
		Total	**502**	**$188**	**$188**	
100 Grandview Road Nawton	Paul Aiden Tierney	Dwelling	112	$143		Sep-23
		Garage	47	$90		*New Lease*
		Total	**159**	**$173**	**$127**	
5 Longfellow Avenue Maraenui	Roopu A Iwi Trust	Retail	327	$99		Aug-23
271-273 Old Taupo Road Hillcrest	Pukeko Blue Community Events Centre	Church building	849	$79		Mar-20
		Residential house	1	$26,500		*New Lease*
		Total	**1,039**	**$90**	**$90**	

6.3 Rental Evidence Commentary

Hinemoa Street, Rotorua - Confidential

Description: New lease of a two-storey commercial building as office in Rotorua CBD. It provides modern, mostly open plan office space that is carpeted, air-conditioned and partly partitioned. Uncovered car parks to the rear.

1334 Hinemoa Street, Rotorua

Description: New leasing of a converted office within the fringe of Rotorua CBD. This is one of two buildings on the property.

57 Pererika Street, Rotorua

Description: New lease of a commercial office building with proximity to Kmart and Rotorua CBD. It is leased as fully partitioned, floor covered and air conditioned. Our analysis has allowed for the stepped rents.

Pukuatua Street, Rotorua - Confidential

Description: Renewal of a single storey office which has been extensively renovated to provide good quality offices including five covered car parks to the rear.

1130 Pukaki Street, Rotorua

Description: Nil increase at renewal of a first-floor office of above-average quality on a well-regarded location within Rotorua CBD, plus four on-site covered car parks. The tenant is responsible for outgoings. 1990s building with subsequent alterations. The Landlord has provided floor coverings, air conditioning, partitions and a lift.

1185 Tutanekai Street, Rotorua

Description: Average to good quality ground floor offices with corner profile plus average quality first floor space subject to a rent increase on renewal. The tenancy is carpeted and air-conditioned on both floors with a modern kitchen on the ground floor. The tenant has significantly upgraded the fitout on both levels.

1122 Pukaki Street, Rotorua

Description: Fixed increase on review of an above average ground floor office tenancy situated on the fringes of the Rotorua CBD. Carpeted and air-conditioned space but largely unpartitioned being well maintained with three car parks at the rear.

100 Grandview Road, Nawton, Hamilton

Description: A residential dwelling original converted to a community Police Station now used as a community centre located close to the Grandview Shopping centre. The lease included provision for the tenant to complete certain works, the estimate of this was equivalent to nine months' rent.

5 Longfellow Avenue, Maraenui, Napier

Description: Former church space, now used for community purposes.

271-273 Old Taupo Road, Hillcrest, Rotorua

Description: New six-year lease with rights of renewals of a large community space operating under religious activities with halls and offices. The lease includes a three-bedroom residential house to the rear of the property. The property consist of a large freehold 2,477m² site located within the Hillcrest suburb of Rotorua. The lease includes five months' rent-free period and rent discounts in the first year which we have allowed for in our analysis.

6.4 Rental Evidence Conclusions

Hierarchy of Evidence

The traditional method of rental assessment is by comparison of similar properties that have recently been subject to new leases or rent reviews. Adjustments are made for factors of variance to the subject premises, such as location, quality and presentation, size, lease terms and conditions and other factors.

The highest-ranking evidence given the most weight is new lettings. This is unfettered interplay of the market between two parties, both of which are capable of walking away from negotiation if the terms and conditions become unacceptable.

Next in order is evidence produced from lease renewal negotiations. Whilst negotiated with full knowledge of market rents, the costs of moving to the tenant might encourage agreement.

Reviewed rental evidence is in the third tier and is given slightly less weight as both parties to the lease are compelled to reach an agreement with neither party having the unilateral option of walking away from the contract.

Rents settled by third parties (arbitrators, the courts etc) forms the lowest tier of evidence with least weighting.

Evidence Range

The evidence demonstrates the following rental ranges:

Component	Rental Rate Range
Office	$126.00 - $197.60
Car Park	$15.00 - $33.00

Key Attributes

The key rental attributes of the subject property are detailed as follows:

- Well-presented and highly regarded building
- Corner profile and well-known locality within Rotorua
- Good open northerly aspect over a greenfield reserve
- All normal staff facilities available
- The Reserve 2 zoning reduces permitted activities
- Large rentable floor area

Conclusions

To determine the market rental for this property we have regard to the key attributes of the subject property in comparison to the evidence. We firstly make comparison to the ground floor office and then for the remaining areas we make adjustments to this base rate considering attributes such as the size, quality, and functionality.

The most comparable evidence depicts a general office rental range of between $125/m² and $150/m². In addition, we have had regard to community/cultural based rental evidence across the North Island.

The BDO tenancy is considered superior at $186.00/m² providing above average quality, smaller floor area, and a good locality.

RAPHS Health Hub is considered the most comparable at $139.00/m² providing a good corner locality, smaller floor area, and good locality.

Having regard to the evidence and comments above, our adopted rental rates are shown in the table to follow:

6.5 Market Rent Assessment

Overview

Having regard to the market evidence and relevant property characteristics, we assess the market rental as at 6 March 2026 as follows:

Market Rental Assessment | 1240 Hinemaru Street, Rotorua, Rotorua 3010

MARKET RENT ANALYSIS			
Component	**0 (sqm)**	**Rent $psm**	**Rent $pa**
Premises			
Ground Floor	867.0	$135.00	$117,045
First Floor West (Lewis House)	65.6	$135.00	$8,856
First Floor East (Wolhmann House)	112.0	$120.00	$13,440
Second Floor (Lewis House)	25.6	$120.00	$3,072
Total Rentable Area	1,070.2	$133.07	$142,413
Car Parks			
Car parks	26	$12.50	$16,900
Other Items			
Garage	36	$50.00	$1,800
Green Space	955	$2.50	$2,388
Total Other Items	991	$4	$4,188
			$163,501
Total Net Rent (Rounded)	**1,070.2**	**$152.78**	**$163,500**

Assessment Our assessed market rental of $163,500 is plus GST and outgoings.

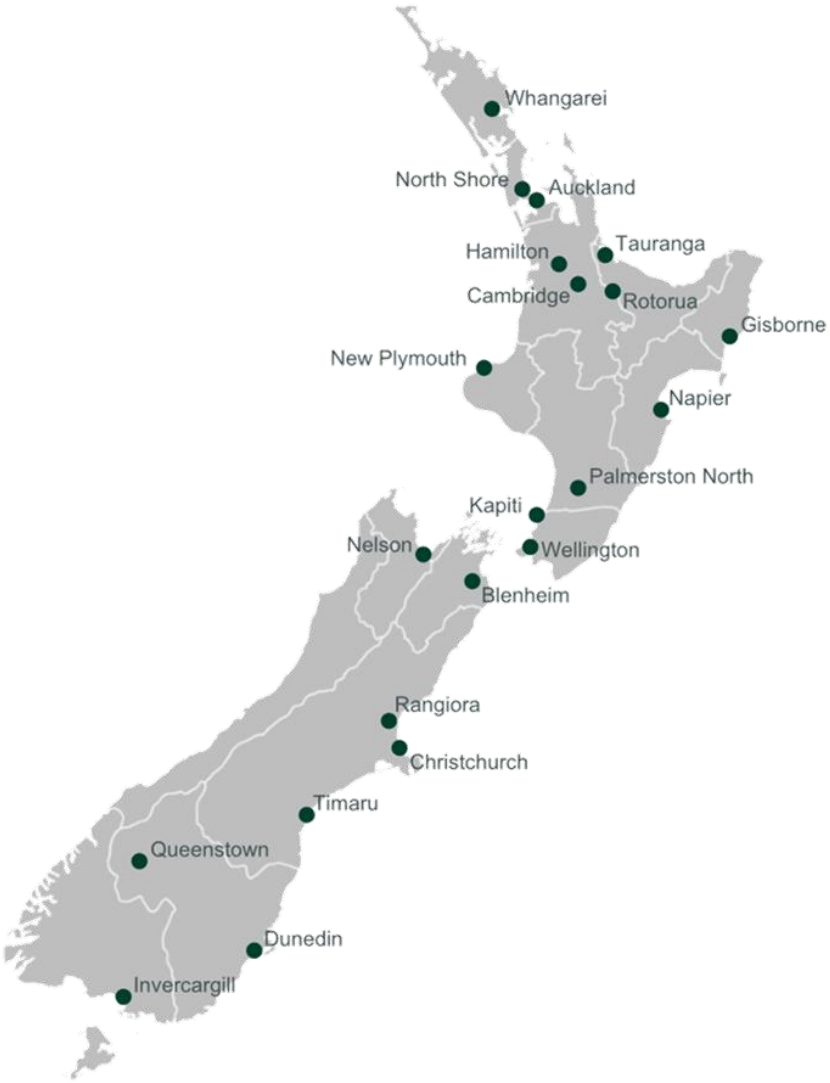
7 Disclaimers & Qualifications

Valuation Subject To Change	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value. Furthermore, values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Lease Documentation	Where applicable, our assessment of value is provided on the assumption that all leases are executed and that individual lease provisions are in accordance with the tenancy information provided.
Disclosure	CBRE must be advised in the event that the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.
Taxation & GST	Unless otherwise stated, all financial information and valuation calculations and assessments in this report are on a plus GST (if any) basis. We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Parties should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles	We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by our title search which may affect market value. However, in the event that a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.
Environmental Conditions	Unless otherwise stated, we have assumed that the site is free of elevated levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the property. Note our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting CBRE to reassess any effect on the valuation.
Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary, amend the valuation.
Asbestos/ Hazardous Materials	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.

Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. In the event that a Land Information Memorandum (LIM) report is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.
Inclusions & Exclusions	Our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant/operator) or are used in connection with the enterprise carried on within the property.
Side Agreements	In the event that the Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Floor Areas	Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with the Property Council of New Zealand (PINZ PCNZ) Guide to Measurement of Rentable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PINZ PCNZ guidelines. In the event that the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Condition & Repair	We are not building/structural experts and are therefore unable to certify the structural soundness of the improvements. Unless otherwise stated, we have not sighted a qualified engineer's structure survey of the improvements, or its plant and equipment. Any Reliant Parties would need to make their own enquiries in this regard. Unless otherwise stated, we have not sighted a structural report on the property, nor have we inspected unexposed or inaccessible portion of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials considered hazardous.
Currency	All dollars are NZ$.
LIM & PIM	Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.
Lease Covenant Strength	We do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. We assume that tenants are capable of meeting their financial obligations and there are no undisclosed rental arrears or breaches of covenant.
Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Not a Structural Survey	We state that this is a valuation report, and not a Structural Survey.
Director's Clause	Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that they have discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.

Reliance	For the avoidance of doubt, nothing in this valuation report will constitute any legal recommendation or advice in relation to investment, or an offer or solicitation for the purpose of or for sale of any securities, financial instrument or products or other services. CBRE are not liable to any purchasers and/or investors in their own decisions in relation to any purchasing or investments from the services provided.
Market Movement	Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Party accepts that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.
Information Supplied by Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed by you, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Party acknowledges that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Industry Practice	Subject to the assumptions and qualifications detailed within, this valuation report is prepared and issued in accordance with the International Valuation Standards published by the IVSC and adopted by NZIV, as well as relevant and applicable valuation guidelines published by the NZIV as Guidance Papers and Valuation Protocols.
Artificial Intelligence	Artificial intelligence tools may be used in the preparation of this valuation report to assist with tasks, including data processing and drafting. Such tools are applied solely as support mechanisms and will not replace the professional judgment of the Principal Valuer. All analyses, opinions, and conclusions expressed herein have been independently determined and verified by the Principal Valuer.

CBRE OFFICE LOCATIONS



CBRE ROTORUA | VALUATION & ADVISORY SERVICES

Irimana Ngawhika

Registered Valuer
Mana.Ngawhika@cbre.com

11 HE WHAKATAUNGA KIA HURI ATU TE ARONGA O TE HUI KI TE HUI TŪMATAITI – RESOLUTION TO MOVE INTO PUBLIC EXCLUDED (TO CONSIDER AND ADOPT CONFIDENTIAL ITEMS)

Nil

12 TE KARAKIA WHAKAMUTUNGA – CLOSING KARAKIA

Kia whakairia te tapu	Restrictions are moved aside
Kia wātea ai te ara	So the pathway is clear
Kia turuki whakataha ai	To return to every day activities
Kia turuki whakataha ai	To return to every day activities
Hāumi e. Hui e. Tāiki e!	Allied, enriched, unified, and blessed