

Message from the Mayor and the Chief Executive



Rotorua District Council chief executive,
Peter Guerin (left)
and Rotorua mayor, Kevin Winters

Kia ora koutou.

'Long-term Plan' is the new name for what we used to call the Ten Year Plan - and what the government used to refer to as the Long Term Council Community Plan, or LTCCP. However, regardless of the name change, it remains a forward looking plan covering the next ten year period, with budgets and activities defined in detail for the first three years, and broader estimates set out for the remaining seven. We are required to produce a complete new Long-term Plan every three years, with annual plans developed in the years in between.

The Long-term Plan is the most important strategic document produced by the council as it sets out the direction for the organisation, lists activities and projects to be undertaken, details what they will cost and how they will be funded, identifies mechanisms for measuring the council's performance and signals levels of rates. It is effectively our contract with our community.

Before the plan was formally adopted, a draft plan and an accompanying summary were produced so that our community had the opportunity for input before things were set in concrete. The council received 443 submissions on the draft plan and nearly a hundred people took the opportunity to talk to the council about their submissions at public hearings. These views were all considered by the council in making decisions on the content of this Long-term Plan.

The 2012-22 Long-term Plan focuses on three key overall themes. These are:

- economic prosperity;
- environmental improvement, and
- continuous business improvement.

These overriding themes lead to our five drivers of financial management:

1. a concerted focus on economic prosperity and development for the first 3 years of the plan;
2. returning to a more balanced approach across social, cultural, environmental and economic wellbeing for the remaining seven years;
3. maintaining rates increases below 3.5% for first 3 years; and within 2% of CPI for the balance;
4. retaining, or improving, existing levels of service; and
5. keeping debt levels to below approved policy limits

For the 2012/13 year we are continuing with our enviable record of producing some of the lowest rates increases in the country while at the same time retaining, or lifting in some cases, our levels of service. For the 2012/13 financial year there is an overall rates increase of 2.9%. This will impact on property owners in different ways, as it will be based on the new property valuations undertaken last year.

To try and get more stability in the rates process, and to avoid major fluctuations in rates levels when properties are revalued every three years as required by the government, we have changed our rating system from allocating rates based on land values of properties, to allocating rates against capital values (ie land plus improvements, such as buildings). This brings Rotorua in line with the majority of council rating systems throughout the country and is seen as a fairer system.

We are also stabilising our targeted rates for water supplies across the district. This means operational costs for water supplies are brought together under one charging regime, protecting those on smaller schemes from the risk of major cost spikes.

Message from the Mayor and the Chief Executive

There are numerous issues facing our community right now, many a result of the global financial crisis and its impact on international, national and local economies. Rotorua's economy continues to feel the effects of these problems and so our prime area of attention for the next three years is on building an environment for healthy economic growth to occur. This will be addressed by focusing, in particular, on implementation of our recently adopted Sustainable Economic Growth Strategy, our tourism marketing master plan and a number of related economic projects aimed at giving a boost to local economy conditions. We hope to see significant economic revival by 2015 and we will then shift our attention to a more balanced approach across our four key cornerstones - social, cultural, environmental and economic wellbeing.

For the term of the Long-term Plan we will service our infrastructure development loans for Rotorua Airport by continuing to pay \$4 million a year in interest and principal, reducing airport debt by approximately \$12 million. It is important to note that around 80 percent of the recent new airport infrastructure has been necessary for maintaining our domestic airport status, including compliance with strict new aviation safety requirements and for accommodating the latest new generation jet aircraft.


Our debt levels will remain within policy thresholds established by the council. Loans are a perfectly legitimate financial tool for funding infrastructure projects that future generations will benefit from. Borrowing to fund these programmes means that ratepayers of the future share the cost of these services with ratepayers of today. This is known as 'intergenerational equity.'

Action to improve the quality of water in Rotorua's lakes continues to be an important focus of attention with significant expenditure allocated to construction of more sewerage schemes for lakeside communities. These schemes, in partnership with Te Arawa Lakes Trust, Bay of Plenty Regional Council and the Crown allow for an end to septic tanks in at-risk locations, reducing the problem of nutrients leaching into ground water over many years and seriously affecting lake water quality.

One of the ways we will be managing to keep our rates increases to relatively low levels is through increased efficiencies within the organisation – providing more services but with less money. We have started implementing a programme of continuous business improvement known as Lean Thinking, right across the organisation. This concept is about doing things better, faster, easier, and at less cost, and we are challenging our management and staff to achieve savings of \$10 million over the term of the Long-term plan.

This Long-term Plan is a responsible, affordable and progressive strategic document crafted to take into account the challenging times we are experiencing. It is about exercising constraint balanced with investing in progress. It takes us well down the path towards achieving our vision for our district:

ROTORUA: *Living the dream – world class in every way.*



Kevin Winters JP
Mayor



Peter Guerin
Chief Executive

29 June 2012