

Introduction

Mihi

E te iwi whānui o te rohe o Rotorua
Nga mihi nui ki a koutou katoa.

E whai ake nei ko nga tuhinga whai mana ā tau e hāngai ai ki te 'Kaupapa Here' a tō Kaunihera e whakamahere ai i nga tirohanga i roto i nga tekau tau kei mua i a tātau.

Ki tā te Ture LGA 2002, ia ono tau me whai whakaaro te iwi whānui o te rohe ki te whakatakoto whakaaro mo te ōranga o te rohe. Ēnei ōranga he hua he painga ka puta mo te rohe me te iwi.

E waru nga pūtanga kua ara ake:

- He iwi whānui e ngākau nui ana ki te manaaki motuhake
- He iwi whānui tēnei e ngākau nui ana ki te taiao
- He iwi whānui tēnei e ngākau nui ana ki tōna oranga
- He iwi whānui tēnei e kōkiri whakamua ana i roto i nga take houkura
- He iwi whānui tēnei e mau pū motuhake ana ki ōna taonga me ōna rātonga
- He iwi whānui e manawa nui ana ki te ao Māori
- He iwi whānui tēnei e ngākau nui ana ki te ako me te mātauranga
- He iwi whānui tēnei e tino tūmeke ana

Ko tēnei o nga tuhinga whai mana ā tau kei roto i tōna tau tuarua tēnei o te kaupapa here o te mahere tekau tau. Kia mutu raano te kōrero ngātahi me te iwi whānui o te rohe ka whakatauiratia ake ma tenei o nga Herenga Kaupapa me pehea e taea ai e te Kaunihera te whakaputa i nga painga me nga hua i roto i nga tau tekau kei mua i a tātau.

“Ma te mahi tahi hei painga mo te iwi whānui ka tutuki nga tumanakotanga e wawatanuitia ana”

To the people of Rotorua
Warm greetings to you.

This document is the Annual Plan which follows Council's Ten Year Plan which defines the community's vision and aspirations, as collated by your council.

The Local Government Act 2002 says that every six years, the Council must give people the chance to put forward their vision for the future of the district. This vision has been translated into community outcomes.

Eight community outcomes have been identified.

- A safe and caring community
- A community that respects its environment
- A healthy community
- A prosperous community
- A community with excellent facilities and services
- A community that values its living Maori culture
- A learning community
- A happening community

This Annual Plan is year two of the Ten Year Plan document which involved extensive consultation with the community of Rotorua District, and shows how the council proposes to contribute towards those outcomes over the next ten years.

“By working together for the greater accomplishment of all we will succeed and fulfil the hopes and aspirations of our people”

Message from the Mayor and Chief Executive



*His Worship the Mayor
Kevin Winters (right) and
Council Chief Executive
Peter Guerin*

Kia ora koutou.

Welcome to Rotorua District Council's Annual Plan for 2010/11.

This plan sets out the services, projects and programmes the council has resolved to undertake for our community in the coming financial year. It has been formulated following a comprehensive programme of consultation with residents.

A record 3754 submissions were received as a result of community consultation, with 3416 of these submissions referring to the topical issue of recycling waste in the district. Ninety nine of the submitters accepted an offer to come and speak to the mayor and councillors in-person in support of their submissions, during four days of hearings.

Earlier in the process we released for public consideration a number of recycling concepts aimed at improving waste minimisation in the district. Seven recycling options were set out in the draft Annual Plan including the possibility of introducing kerbside recycling. However an overwhelming majority of submissions supported expansion of the existing In-Town Recycling Centre combined with construction of a new drop-off recycling centre in Ngongotaha, rather than introducing kerbside recycling. The council has decided to go down the path of expanding recycling services in line with that community preference, and the new Ngongotaha recycling centre should be operating by April 2011.

There is no doubt that the wider issue of sustainability, and in particular that of managing our district's waste, is seen by the community as vitally important for our future. We have therefore accorded this matter significant attention in our annual plan and in the newly adopted Waste Management & Minimisation Plan.

Continuing to make steady progress on achieving Rotorua's community outcomes is a focus of this plan for the period 1 July 2010 to 30 June 2011. This relates to the second year of the council's strategic document called the Ten Year Plan 2009-19.

It shows that we intend maintaining the range and high level of services which our community has come to expect from its council, and we will also implement

strategies that provide every opportunity for the district's economy to grow.

In 2010/11 a number of service levels will be boosted. These include:

- ✓ **Waste minimisation:** \$117,500 extra has been budgeted to increase recycling services, including an expansion of the In-Town Recycling centre and construction of a new drop-off recycling facility in Ngongotaha. Bulk landfill charges will increase from \$60 to \$80 per tonne to encourage higher rates of recycling and extra income generated from this will be used to further subsidise waste minimisation projects.
- ✓ **Tourism promotion:** An additional \$1.4 million is included specifically for tourism promotion, principally focused on the key Australian visitor market. Some of this additional spending will be funded from a joint venture partnership with the government through Tourism New Zealand.
- ✓ **Lakes water quality improvement:** Funding is included for construction of a new community sewerage scheme for the Okere/Otaramarae/Whangamarino area. Council is making very good progress on implementing new sewerage schemes for lakeside communities and to date has already constructed or is in the process of constructing new schemes for Okawa Bay and Mourea, Hinemoa Point, Brunswick Park, Rotokawa and Lake Okareka.

Other highlights planned for the 2010/11 year include:

- ✓ **Elections:** Holding three-yearly council elections for the positions of mayor, councillors and Lakes Community Board members, with Election Day being 9 October 2010
- ✓ **Economic development:** \$1.8 million for RDC's new Grow Rotorua Development Fund
- ✓ **Lakeside revitalisation:** Progressing Phase 1 of the city's proposed Lakeside redevelopment
- ✓ **Youth facilities:** New skateboard parks or similar facilities specifically for Rotorua youth
- ✓ **Sustainability:** Progressing the 'Waste 2 Gold' programme in partnership with Scion
- ✓ **Museum:** Continuing progress on the Museum Centennial Development project
- ✓ **Theatre:** Completing the Civic Theatre redevelopment project

Despite additional funding being allocated for a number of new services and projects, and national inflationary levels being around 2%, the council has been determined to keep rates increases to an absolute minimum. We are therefore very pleased to be in a position to present an annual plan that signals a rates increase across the district of around just 1%.

This is one of the lowest rates increases achieved by any council for the 2010/11 year and is an excellent result for our community at a time when many other councils have had to introduce substantially higher rates increases.

Message from the Mayor and Chief Executive

cont.

Coinciding with community consultation on this Annual Plan for the 2010/11 year, the council also formally consulted residents on five other proposals and a plan, and decisions were subsequently made on these. They are:

- Improve waste minimisation by enhancing recycling services.
- Remove the differential general rate on all council properties, meaning rating according to usage in line with all other property in the district.
- Connect properties in Mourea and Hinemoa Point areas to the council's sewerage system and to charge a rate to recover the cost from those residents.
- Establish a Council Controlled Organisation (CCO) called Rotorua District Council Holdings Ltd. The purpose of setting up this CCO is to provide the council with the flexibility to establish companies as and when needed to benefit of the Rotorua community.
- Air Quality Control Bylaw to help address Rotorua's poor air quality. At the time of adoption of the Annual Plan this proposal remained under discussion by the council with adoption expected during the 2010/11 year once further investigations and discussions have taken place.
- Waste Management and Minimisation Plan - a legal requirement setting out strategies for reducing the district's waste.

We are particularly grateful to the large number of residents who have engaged with the council during consultation on the Annual Plan and on our other key proposals. It is very encouraging to see so many people from all walks of life showing an active interest in council matters and becoming involved in this important democratic process.

Your participation means you are playing an important role in shaping Rotorua and in crafting a future for your community.



Kevin Winters
Mayor



P J Guerin
Chief Executive

Major issues for 2010/11

Rates for 2010/11

General and Rooding Rates

Council will have the following General (including UAGC) and Rooding rate increase:

2009/10 Rates budget	\$43,275,000
2010/11 Rates budget	\$43,543,000

Rate Increase 0.6%

The Annual Plan financials for 2010/11 show a 0.6% increase in total general and rooding rates revenue when compared with 2009/10.

Factors contributing to this increase

There are a number of factors contributing to the rate increase, including:

- Increase in marketing and promotion budget.
- Inflationary increases.

This is offset by:

- Reduction in provision for renewing library books.
- Reduction in provision for road reseal renewals.

Targeted Rates

The table below shows an overall increase in targeted rates for 2010/11 of 5.0% when compared to the budget for 2009/10.

The main reasons for this increase are:

- Increased business and economic development expenditure principally for tourism promotion.
- A new rate for sewerage capital contributions.
- Increased cost of refuse collection because of increased landfill charges.

The changes when compared to the Ten Year Plan figures for 2010/11 are:

- Reduced refuse rates (although have included some waste minimisation initiatives).
- Reduced sewerage rates because of the delay for some schemes.
- Increase in Business and Economic Development rate resulting from increasing the budget for tourism promotion.

Targeted rates for 2010/11

Targeted Rates (\$'s in thousands)	2009/10 Ten Year Plan	2010/11 Ten Year Plan	2010/11 Annual Plan	Variation to 2010/11 Ten Year Plan
Water Rates	3,320	3,420	3,321	(99)
Sewerage Rates	9,957	10,256	9,957	(299)
Sewerage Capital Rates	255	226	849	623
Refuse Rates (including Waste Minimisation)	1,872	2,746	2,042	(704)
Water By Meter	3,427	3,530	3,529	(1)
Lakes Enhancement Rate	407	419	419	-
Urban Sewerage Development Rate	117	121	57	(64)
Lakes Community Board	50	52	50	(2)
Business and Economic Development Rate	4,239	4,553	4,673	120
Total targeted rates	23,644	25,323	24,897	(426)
Less Internal Water By Meter	(174)	(178)	(254)	(76)
Total Net Targeted Rates	23,470	25,145	24,643	(502)

Long Term Debt

Council uses loans to fund and spread the cost of significant assets over their useful lives. By using loans this ensures that there is intergenerational equity, in other words the current generation is not required to fund the total cost of Council assets while the next generation, which also receives the benefit from these assets, does not.

Council has a borrowing policy which among other things limits the total loans to a level that is considered affordable for ratepayers long term. These limits are reviewed annually to ensure they are reasonable. Currently Council is well within the stated borrowing limits.

Presently it is estimated that total debt will peak at approximately \$177.0 million during the period of Council's Ten Year Plan.

Since the 2009-19 Ten Year Plan was prepared there has been some amendments to the projected capital projects programme, however, it is anticipated that the overall debt will be still approximately the same, but where there are delays to projects, borrowing will also be done when the project is carried out.

Major issues for 2010/11 cont.

The following tables show the total debt figures from the Ten Year Plan 2009-19, and also the estimated debt figures:

Long Term Debt comparing to Ten Year Plan

For the year ending 30 June:		2010	2011	2012	2013	2014	2015	2016	2017	2018
\$'s in millions										
2009/19 Ten Year Plan										
Total Debt		138.7	159.0	167.4	166.8	175.1	169.1	159.1	148.4	130.6
Projected Debt										
	Actual									
Total Debt	100.8	125.1	155.7	165.8	167.1	177.3	173.4	165.6	157.2	141.8
Self funding accounts	54.1	63.0	83.8	85.0	81.2	87.6	91.1	82.4	74.7	63.1
General Debt	46.7	62.2	71.9	80.8	85.9	89.8	82.3	83.2	82.5	78.7

Prudent Financial Management and Balanced Budget Requirement

The financial management principles and requirements are explicitly stated in Section 101 of the Local Government Act 2002 which requires Council to:

- Manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently.
- Make adequate and effective provision in the long-term council community plan and the annual plan.
- Funding needs of Council must be met from those sources that the Council determines to be appropriate after considering:
 - the community outcomes the activity contributes to
 - whether benefits are attributable to separate parts of the community
 - the period which the benefits cover
 - extent to which action (or inaction) of a group requires the need for the activity
 - the costs and benefits of funding the activity differently to how other activities are funded

Section 100 of the Local Government Act 2002 requires Council to ensure that each year's projected operating revenues are sufficient to meet the year's projected operating expenses.

However, a Council can set revenues at a level different to meet projected operating expenses as long as it is financially prudent to do so.

The purpose of the balanced budget requirement is to ensure there is sufficient funding to enable the activities and assets of Council to be sustainably funded.

Operating revenue and operating expenditure is defined as having the same meaning as Generally Accepted Accounting Practice. In other words "operating revenue" means the amount of revenue entering into the determination of the operating surplus (e.g. sales, rental, investment income, rates, fines, donations,

grants, fees, etc) and "operating expenses" means the amount of expenses (including depreciation, interest on borrowings, etc) entering into the determination of the operating surplus.

The OAG has issued guidance in relation to the balanced budget requirement and financial prudence. The key points are:

Council must determine whether or not the budget presented is financially prudent.

When determining the prudence of the financial statements, Council will need to assess whether there are any unusual or non-recurring items of expenditure or revenue which affect the "balanced budget" requirement.

Council is presently projecting that there will be an operating surplus for 2010/11 and the Council's Ten Year Plan 2009-19 projects there will be surpluses ranging from 16.3 million to 29.7 million. These figures indicate that Council is complying with section 100 and is financially prudent. However, included in the revenue figures are capital grants and contributions, which are largely for one-off capital projects (e.g. sewerage schemes and museum extensions), and if these projects were not being undertaken then it is unlikely that Council would have an operating surplus. While Council technically complies with section 100 (i.e. operating revenues are sufficient to meet operating expenses) there is an operating deficit for the years up to 2014/15 once capital revenue is deducted from the operating revenue.

Major issues for 2010/11 cont.

The following table shows the operating deficits after grants, subsidies etc for capital projects have been deducted:

For year ending 30 June (Thousands)	Annual Plan 2010/11	TYP 2010/11	TYP 2012	TYP 2013	TYP 2014	TYP 2015
Surplus	17,179	23,694	26,705	23,999	19,765	25,737
Plus ½ depreciation on roads	2,292	2,901	3,003	3,076	3,371	3,642
	19,471	26,595	29,708	27,075	23,136	29,379
Less Capital Revenue:						
Capital Grants	21,220	25,317	21,589	15,566	13,882	20,309
Development & Financial Contributions	3,484	3,862	4,777	5,340	6,269	6,915
Capital Rates	906	226	3,684	4,988	1,979	429
Vested Assets	1,843	1,843	1,898	1,955	2,014	2,075
Operating Surplus/(Deficit) excluding capital revenue	(7,982)	(4,653)	(2,240)	(774)	(1,008)	(348)

Council Activities and Levels of Service

The activities undertaken by Council and the service level for these activities are established when Council prepares and consults on its Ten Year Plan. The activities and the level of service are Council's contributions to the various community outcomes and subsequently the four community well-beings (i.e. Economic, Environmental, Social and Cultural).

If Council wishes to significantly alter the level of service including commencing or ceasing an activity, then this can only be done by making an amendment to the Ten Year Plan.

The Annual Plan for 2010/11 and budget is prepared on the basis of retaining the current level of service and activities. It is the community's expectation that Council continues to provide at least the current level of services and activities.

Capital Projects for 2010/11

The following table lists the capital expenditure for 2010/11 by group. The programmed capital work has been revised from what was in the Ten Year Plan to only include work that is likely to be completed for the upcoming year.

Description (\$'s in thousands)	Total Annual Plan 2011	Ten Year Plan	Variance
Castlecorp			
Business Unit Castlecorp	15	15	-
Fleet	935	806	(129)
Castlecorp Total	951	821	(129)
Environmental & Regulatory Group			
Parking Enforcement	72	72	-
Environmental & Regulatory Group Total	72	72	-

Description (\$'s in thousands)	Total Annual Plan 2011	Ten Year Plan	Variance
Government & Strategic Direction Group			
Policy and Strategic Direction	1,800	3,605	1,805
Property Management	623	573	(50)
Governance & Strategic Direction Group Total	2,423	4,178	1,755
Infrastructural Group			
City Services Operations	82	82	-
Eastern Sewerage Scheme	5,569	6,798	1,229
Hamurana Water	34	-	(34)
Laboratory	4	4	-
Land Drainage	1,173	1,019	(155)
Landfill	3,359	309	(3,050)
Mamaku Water	362	17	(345)
Reporoa water	627	252	(375)
Transport - Subsidised	12,515	13,196	681
Transport - Un-Subsidised	1,791	2,508	717
Urban Water	3,901	4,770	869
Waste Management	1,000	1,813	813
Wastewater – Urban	11,593	10,145	(1,448)
Wastewater - Rural	8,063	9,187	1,124
Water Investigations	31	31	-
Infrastructural Group Total	50,104	50,137	33
Overheads			
Finance Group	7	7	-
Information Management	333	283	(50)
Information Technology	811	539	(272)
Land Information Services	239	239	-
Records	332	52	(280)
Overheads Total	1,722	1,121	(602)

Major issues for 2010/11 **cont.**

Description (\$'s in thousands)	Total Annual Plan 2011	Ten Year Plan	Variance
Social & Cultural Group			
Aquatic Facilities	176	176	-
Cemeteries/Crematorium	400	1,240	839
Community Grant	124	-	(124)
Community Policy and Resources	34	42	7
Convention Centre	1,939	629	(1,310)
Energy Events Centre	35	35	-
Events & Community Programmes	9	-	(9)
International Stadium	22	19	(3)
Pensioner Housing	33	33	-
Public Gardens/General Reserves	925	2,005	1,079
Public Library	437	643	206
Rotorua Museum of Art & History	10,104	9,021	(1,083)
Rural Fire	-	103	103
Social & Cultural Group Total	14,240	13,946	(295)
Tourism & Economic Development Group			
Rotorua Regional Airport	5,147	758	(4,389)
Tourism Rotorua Travel and Information	40	-	(40)
Tourism & Economic Development Group Total	5,187	758	(4,429)
Total Capital Expenditure	74,699	71,032	(3,667)

The following table shows how this capital work is to be funded for 2010/11:

Funding for Capital Expenditure 2010/11

Description (\$'s in thousands)	2009/10 TYP	2010/11 TYP	2010/11 Annual Plan
Capital Expenditure	71,197	71,032	74,699
Funded By:			
Funding from Depreciation (Rates)	8,029	8,372	7,528
Loans from/(to) Corporate Fund	17,150	11,719	11,964
Capital Grants	16,223	21,024	20,117
Resource management fees and Development Contributions	5,161	6,116	5,287
Reserves Net	24,973	24,002	30,037
Asset Sales	(338)	(201)	(234)
Total Funding for Capital	71,197	71,032	74,699

Lake Water Quality Initiatives

Council is continuing with the programme of constructing sewerage schemes for lakeside communities to help improve the water quality of the district's lakes.

It is anticipated that the Lake Okareka scheme will be completed early in 2010/11, and work will commence on the Okere Falls/Otaramarae/Whangamarino wastewater schemes. Also there will further extension of the eastern trunk line linking the new schemes in the eastern area back to Council's wastewater treatment plant.

The programme for some sewerage scheme construction has been delayed because subsidies have not been available yet and also Council has not been able to undertake the work for one reason or another. However, it is anticipated that all identified schemes will still be constructed.

Rotorua International Airport

Council, in conjunction with Rotorua Regional Airport Ltd and Air New Zealand, established twice weekly trans-Tasman flights to Sydney.

The airport is a significant asset for the district. It allows residents to have hassle free trans-Tasman flights and also permits tourists to fly directly into Rotorua from Australia which will increase tourist numbers and the length of time that they stay in Rotorua.

Council is increasing its marketing and promotion expenditure during 2010/11 to encourage more visitors to Rotorua, particularly from Australia. It is hoped that an increased demand for air travel directly to Rotorua will result in additional trans-Tasman flights.

Variances to Council's Ten Year Plan for 2010/11

Overall Council is budgeting for \$5.6 million less revenue when compared to what was in the Ten Year Plan for 2010/11. Most of this reduced revenue is less subsidies and grants principally because of the delays to lakes sewerage schemes and reduced targeted rates mostly for refuse collection.

The total capital expenditure is increased by \$3.6 million.

Operating expenditure is \$105.7 million and is similar to the budget in the Ten Year Plan for 2010/11.

Changes to what is in the Ten Year Plan for 2010/11 include:

- Increase in marketing/promotion.
- Renew Museum foundations which have been found to be badly deteriorated.
- Reduced provision for new Library books.
- Reduced expenditure for waste minimisation.
- Reduced expenditure for road reseals.

Major issues for 2010/11 **cont.**

Grant from Community Asset Development Fund (CADF)

Council is granting to John Paul College an amount of \$195,267 from its Community Asset Development budget.

This money will be used to fund a third of the cost to fit out the college's multi-purpose gymnasium/theatre project. The CADF subcommittee has approved in principle the application for \$195,267.66, however, under Council's policy for grants from the Community Asset Development Fund, applications above \$50,000 that are approved by the subcommittee must be notified in Council's Ten Year Plan or Annual Plan.

John Paul College feels there is a need in the community for a mid-sized theatre (400-500 patrons) given that the only other theatre with a seating capacity of more than 200 is the Civic Theatre.

Council included in the draft Annual Plan the proposal to make this grant and following consideration of submissions confirmed the CADF subcommittee's decision to approve the grant.

Reduction to budget for new Library books

Council, to keep rates down, has reduced the budget for new book purchases by \$200,000 which is approximately a third of the amount that was included in the Ten Year Plan 2009-19 for 2010/11.

This will mean that the age of the collections will increase and Council will not meet its target of acquiring 0.28 books annually per head of population.

Reduction to Roothing Resealing Programme

Council has also reduced the budget for resealing roads by \$400,000 (15%). This will result in some roads being resealed beyond their optimum lifecycle and increasing the risk of pavement failure, which means additional costs to reinstate.

Increase in GST

The government has past legislation to increase GST from 12.5% to 15% from 1 October 2010. In the Annual Plan the rates as listed in the Funding Impact Statement are excluding GST. The rates invoices for 2010/11 will have the applicable rate of GST added at the time the invoices are produced.

Mayor and councillors



His Worship the Mayor
Kevin Winters JP

north ward



Cr Charles Sturt



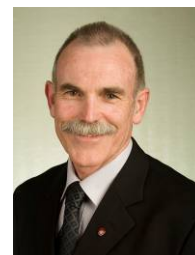
Cr Bob Martin



Cr Karen Hunt



Cr Maureen Waaka
MNZM, JP



Cr Dave Donaldson
QSM



Cr Maggie Bentley

south ward



Cr Mike McVicker



Cr Glenys Searancke
QSM



Cr Julie Calnan



Cr Trevor Maxwell
MNZM
Deputy Mayor



Cr Geoff Kenny



Cr Janet Wepa

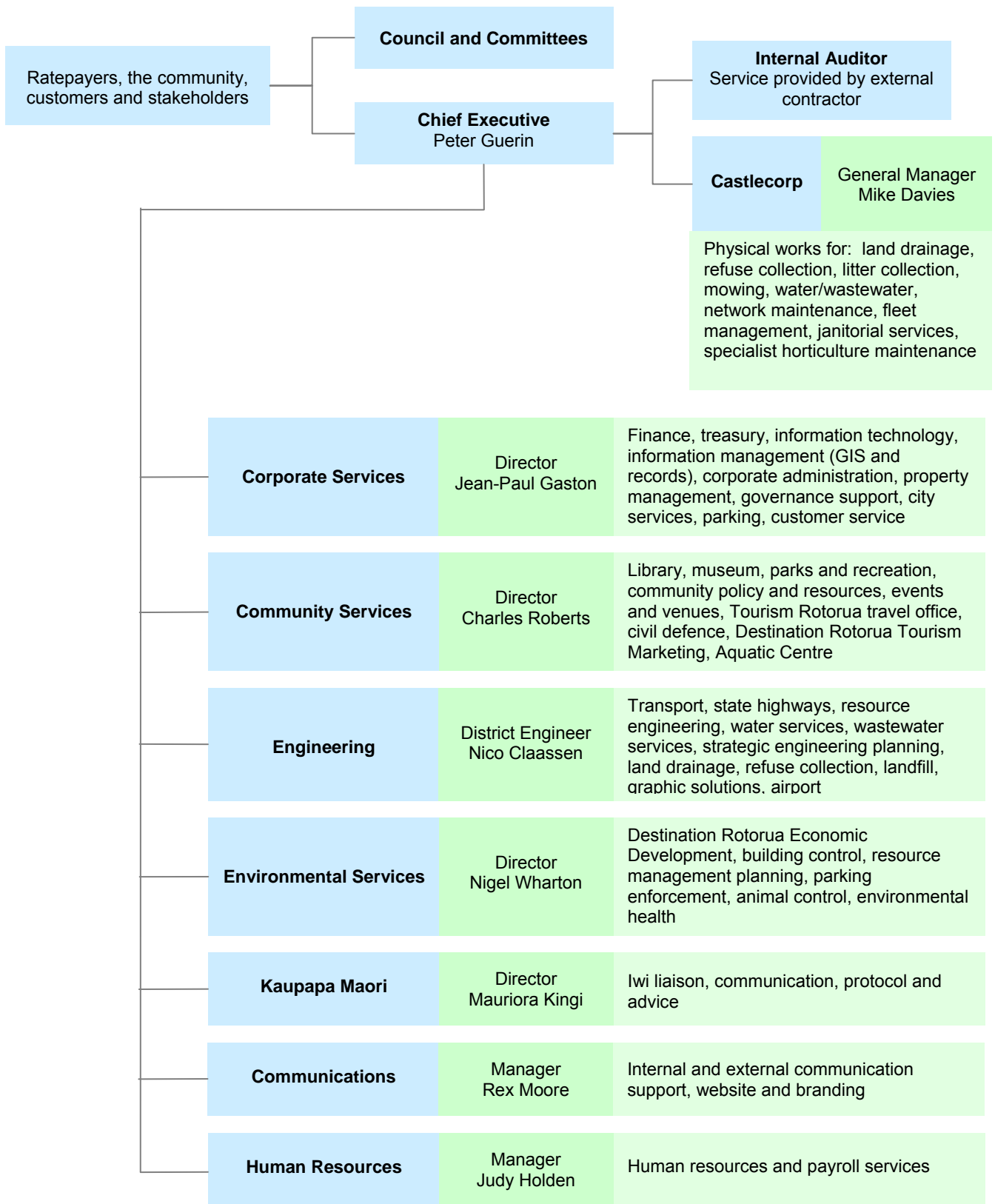
west ward

Rotorua lakes community board



Front row (left to right): Karen Hunt, Brentleigh Bond, Neil Callaghan
Back row (left to right): Geoff Palmer, Phillip Karauna, Dave Donaldson

Management structure



The planning process

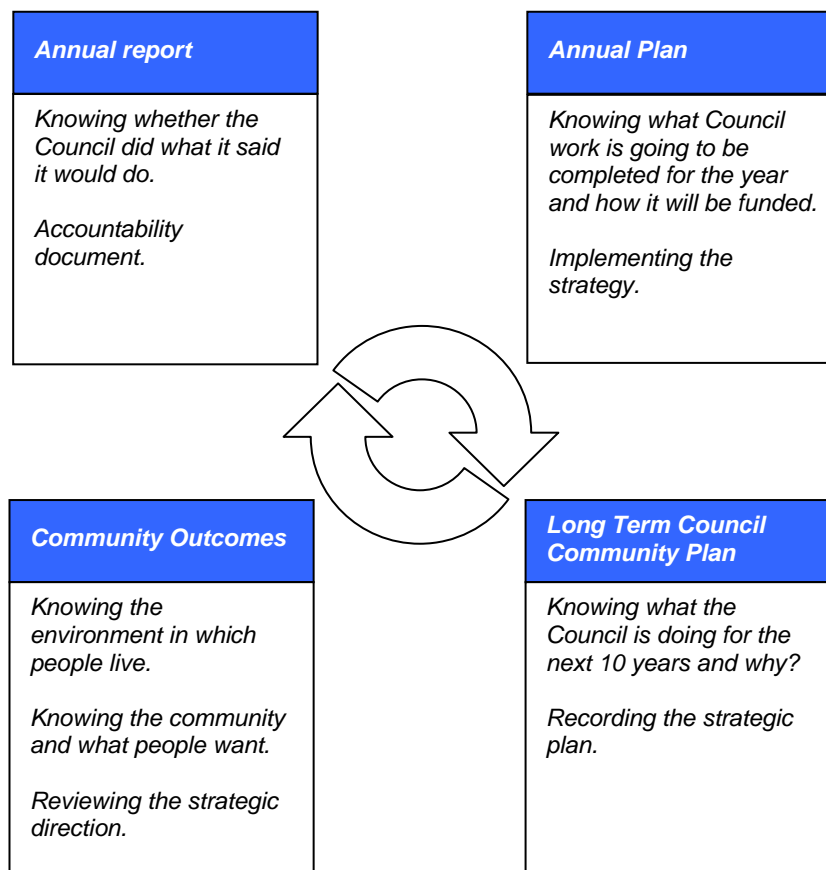
Council's Ten Year Plan details activities and related financial information for a ten year period and is reviewed and updated every three years. In the intervening years when the Ten Year Plan is not reviewed, Council produces a separate Annual Plan with the purpose of:

- Supporting the Long Term Council Community Plan (LTCCP) in providing integrated decision-making and co-ordination of the resources of the local authority.
- Identifying any variances from the funding and financial information in the LTCCP for that year.
- Extending the opportunity for public participation in decision-making processes relating to costs and funding.
- Contributing to the Council's accountability to its community.
- Detailing the annual budget and funding impact statement.

If there are significant changes from the Ten Year Plan, or changes of a particular type, it will be necessary to amend the Ten Year Plan as well as produce an Annual Plan. Such changes could include decisions to:

- significantly alter service levels of significant activities
- transfer ownership or control of strategic assets
- construct, replace or abandon strategic assets; or
- that would have a significant direct or indirect impact on either the capacity of a local authority to deliver on an activity or on the cost of undertaking that activity.

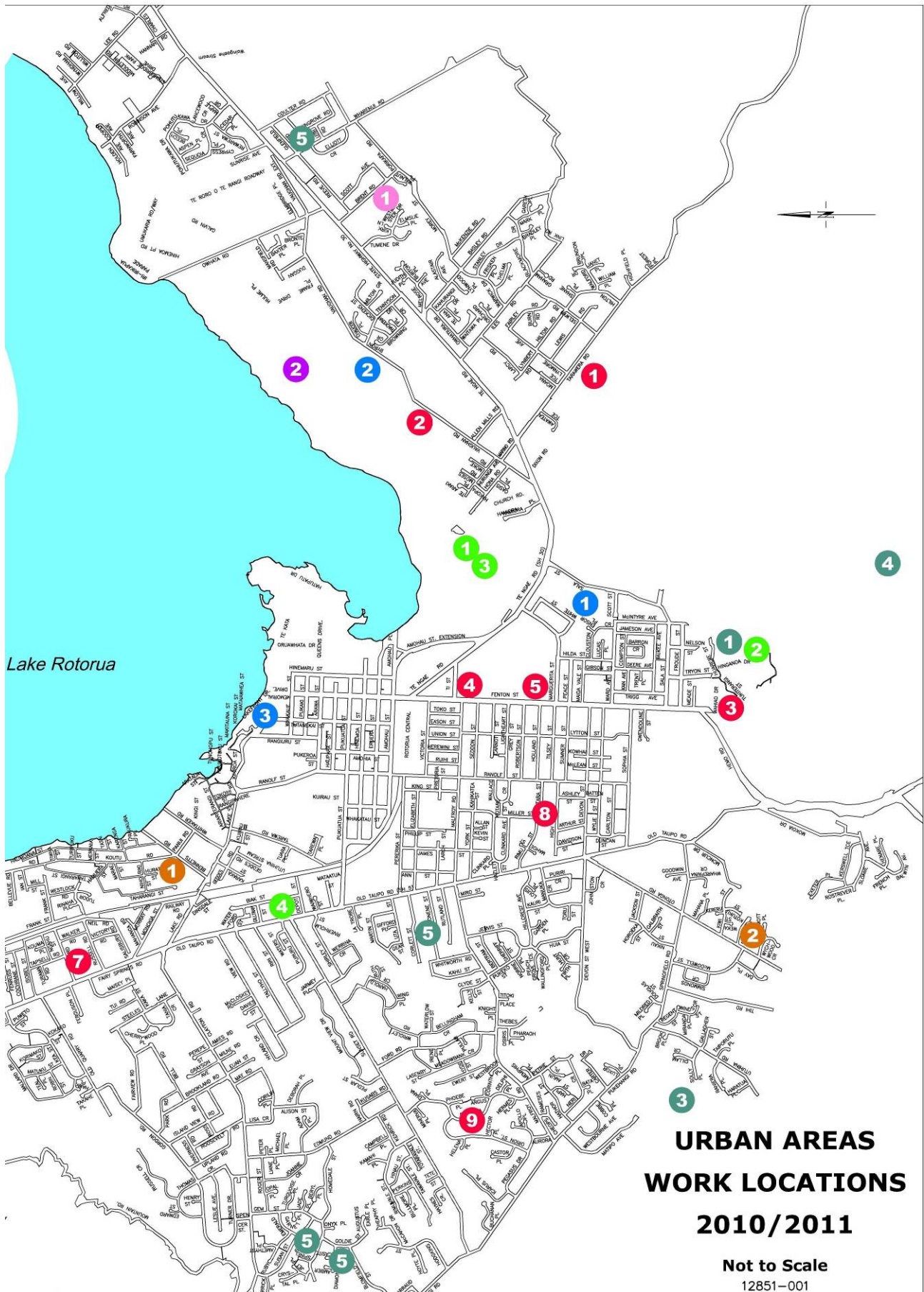
This year, Council has made some amendments to the Ten Year Plan. These amendments were consulted on at the same time as the draft Annual Plan and are included at the end of this plan.



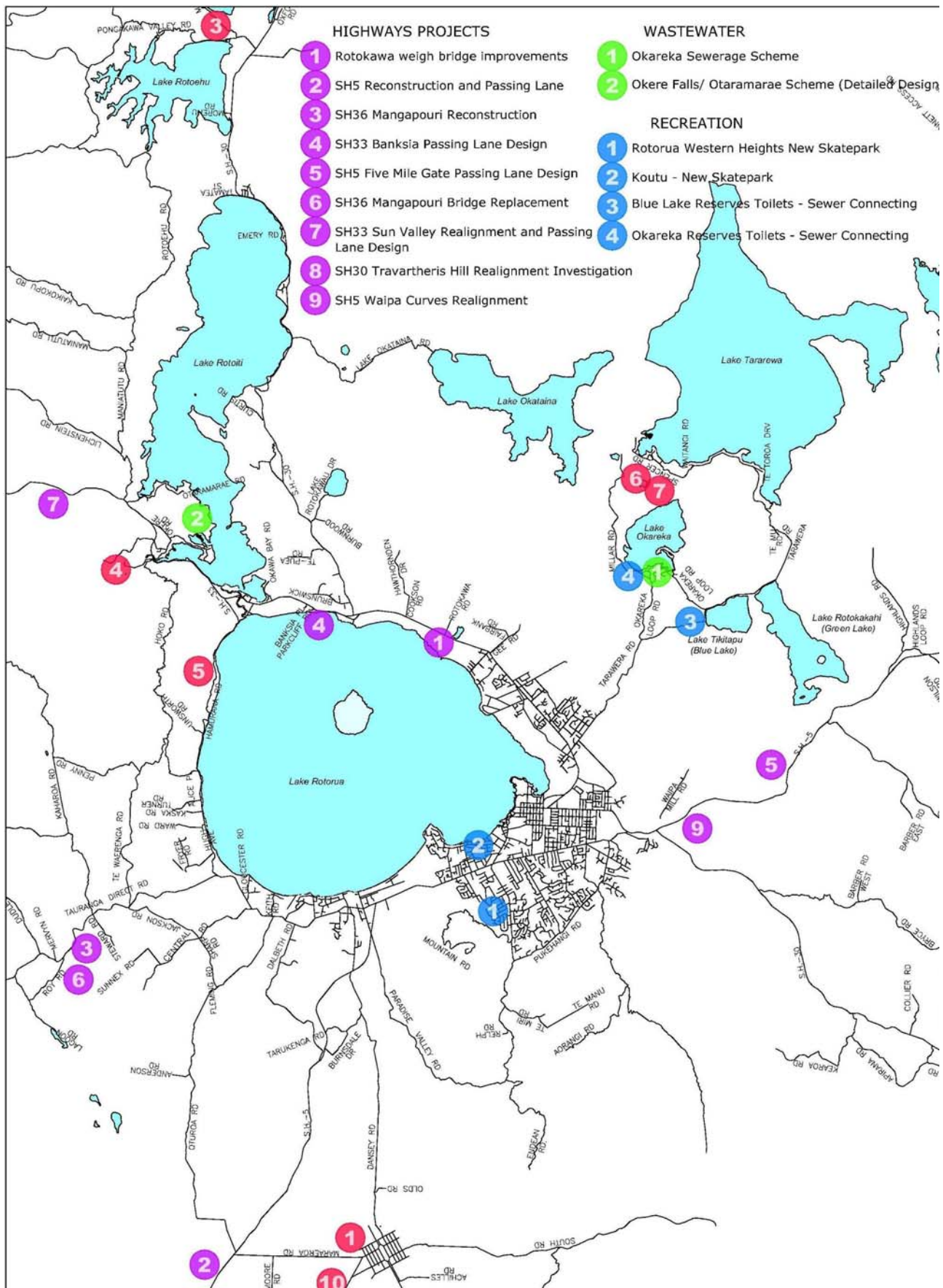
Capital works programme - urban



Capital works programme – urban cont.



Capital works programme - rural



Capital works programme – rural cont.

