COUNCIL OVERVIEW

Lake Rotorua

Message from the Mayor and Chief Executive

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

Tena koutou katoa.

In 2008, as the world reeled from the sudden jolt of the Global Financial Crisis, there was every reason to anticipate that things would return to normal in a year or two. As we all know now, that proved not to be the case.

Today, five years on, Rotorua District Council has become accustomed to the complex and challenging balancing act of delivering high quality services to our community in an environment of decreasing available funding in real terms and rising operational costs - while at the same time endeavouring to hold rates increases to an absolute minimum without cutting service levels.

In this Annual Plan for the 2013/14 year we show that for the fifth year in a row we are signalling one of the lowest overall rates increases of any council in the country – less than 1 percent.

The overall amount of general rates we propose to collect will be only 0.99% more than last year - less than official inflation estimates of 1.2% for the coming year, and substantially below the 3.5% rates increase signalled last year in the Long-term Plan. This means Rotorua District Council rates will have increased, on average, less than 2% for each of the last five years. The actual impact on each rating sector will vary from the 0.99% overall rates increase across all sectors. The impact on the business sector will be a decrease of 0.20%, and increases for rural residential of 1.40%, urban residential of 1.02% and farming of 2.20%.

In achieving another sub-inflation rates increase in this plan we have been very conscious that there is no will from our residents for service levels to be reduced to match funding limitations. Indeed there are substantial community demands for the council to spend significantly more on some activities, in particular those that will help stimulate the local economy.

We can reassure residents that the economy will remain a focus of our attention in the coming year, in line with the three overarching themes of our Long-term Plan. These themes - economic prosperity, environmental improvement and continuous business improvement - are reinforced in this year's Annual Plan.

Maintaining a vibrant CBD is a vital element of economic prosperity for our city and a raft of new measures in this plan will help achieve that. As part of revitalising our central city area we will investigate a new time-based free parking regime replacing meters and 'pay & display' units with new 'Smart Eye' technology linked to our parking enforcement team.

We are also establishing a new Inner City Enterprises (ICE) unit integrating on-the-ground city services with the CBD revitalisation programme, and working in partnership with CBD stakeholders. This unit will draw together the planning, development and implementation of CBD revitalisation projects alongside operations for maintaining the CBD, under one management structure. This unit will include Safe City Guardians, Economic Projects and our Castlecorp CBD cleaning and maintenance team.

One of the proposals for development this year is the introduction of trial 'Smart eye technology' to provide designated areas of time-limited free parking in the CBD. This follows the trial of 'free parking' in the lead up to Christmas 2012. The results of that trial showed that there was a strong demand for a more robust and clearly defined parking regime to attract more people back into the CBD and create a greater flow of traffic in and around retail stores and other businesses.

Message from the Mayor and Chief Executive cont.

Following testing of the technology it is anticipated that by December, following a parking policy review, this new technology will be fully installed and operational. The annual estimated cost of the ICE programme operations including time-limited free parking is $400,000 per annum.

Rotorua International Airport remains another key element of our city's economic future. Three million dollars has been included in council budgets over the next two years ($1 million in 2013/14 and $2 million in 2014/15) to continue supporting joint venture marketing with airlines in the key overseas visitor market of Australia. The council will also continue allocating $4 million per annum to service loans related to airport infrastructural development undertaken in recent years. This is in keeping with the way the council funds other key community infrastructure such as roads, sewerage schemes and event facilities.

Council Controlled Organisation Grow Rotorua Ltd is now fully operational and will play an increasingly important role alongside partner organisations to help achieve the specific objectives of the Rotorua Sustainable Economic Growth Strategy. Funding of $800,000 is included within the ICE activity budgets for Grow Rotorua this coming year.

Over the next two years the council will be taking its proposed District Plan through the critical phases of notification and appeals with a view to the plan becoming operative in 2014/15. The District Plan is the foundation for all land use decisions ensuring sustainable management of the district's natural and physical resources. It identifies where activities can take place, what land can be developed, requirements to be met before any change in use or development, and what natural or cultural features need to be considered.

Rotorua District Council has been awarded a government grant of $4.7 million to build a full scale waste treatment plant using the world-leading TERAX technology developed by Scion in partnership with the council. This will provide significant economic and environmental benefits to Rotorua District Council in the long term. A new company, TERAX Ltd, is jointly owned by the two organisations and will take on responsibility for New Zealand-wide and international commercialisation of the TERAX process.

Helping to improve the water quality of Rotorua's lakes remains an important priority of the council in the coming year and reinforces our key Long-term Plan theme of environmental improvement. We will continue to work with our Rotorua Te Arawa Lakes Programme partners – Te Arawa Lakes Trust, Bay of Plenty Regional Council and the Crown – to this effect, and we will be focussing on a number of waste water treatment enhancements during the year. For more information on lakes programmes visit www.rotorualakes.co.nz.

Conservative and prudent management of debt will continue to ensure debt levels remain within manageable parameters and below maximums set by council policy. Debt levels are programmed to commence a pattern of continual reduction from the 2018/19 year.

As we aspire to be the best local authority in the country, customer service continues to be a constant focus of our attention. We have a challenging and on-going array of enhancements underway that will further boost customer service across the organisation, regardless of whether customers contact us in-person, by phone, by email or online. We are currently working in partnership with Hamilton City Council to increase the number of areas where Rotorua residents can conduct business with us online, 24 hours a day, seven days a week. 'Dogs Online,' enabling residents to register their dogs without having to come into the council, is one such programme already successfully operating via our website.

'Lean Thinking' is an international business concept which is being progressively implemented throughout the operations of the council and is already changing the way we conduct much of our council business. The Lean Thinking programme is aimed at continuous improvement and increased efficiencies to deliver more value to our customers. It involves council teams working together to review operational systems, increase flexibility, reduce wastage, provide more innovation and find creative solutions to problems. The momentum built up in the last year from Lean Thinking will be maintained in the 2013/14 year.

This introduction to the 2013/14 Annual Plan touches on only a selection of the plan's components. We encourage residents to read the full plan.

Kevin Winters
Mayor

Peter Guerin
Chief Executive

Direction setting 2013/14

What do the major changes to the purpose of Local Government mean to this Annual Plan?

Council is producing this Annual Plan against a backdrop of major changes in legislation that guide and direct Local Government. On 5 December 2012 a new purpose for Local Government was enacted by Parliament. This purpose is:

“To meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost effective for households and businesses.”

‘Good-quality’ has been defined as ‘effective, efficient and appropriate to the present and future.’ In his speech to Local Government New Zealand Finance Minister Hon. Bill English said “… at a time when our finances are constrained, it is vital we get the most out of this investment. That means projects must be properly selected and must provide justifiable return on taxpayers’ funds”.

‘Cost- effective’ makes it important to consider the ‘how’ as much as the ‘what’ in terms of projects and services. To make this judgment we must also clearly articulate the objectives we are seeking to achieve from a project or service, otherwise it will be difficult to evaluate costs against benefits. Rotorua District Council continues to use the ‘community objectives’ as a way of ensuring we provide services that meet the needs and aspirations of this community.

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

(a) network infrastructure
(b) public transport services
(c) solid waste collection and disposal
(d) the avoidance or mitigation of natural hazards
(e) libraries, museums, reserves, recreational facilities, and other community infrastructure.

‘Other community infrastructure’ is not specifically defined in the Act. Council takes the view that the Long-term Plan, community objectives and the three key themes identified in this plan guide Council’s expenditure on other projects, infrastructure and services.

Within this Annual Plan elected members have carefully reviewed the projects and services identified in the earlier Long-term Plan to ensure they remain appropriate when considered against the new purpose. Over the next 12 months Council will also undertake a review of all services, assessing their delivery and efficiency against the new purpose and council’s objectives, to ensure they are being delivered in the most cost effective way. The plan contains some extra commentary for each activity covering some of the considerations the council has undertaken, particularly the objectives of projects and evaluation of their cost effectiveness.

Core services and the link to the purpose of local government

Core services (as per Act)	RDC activity	Focus
Infrastructure	Roads and Footpaths Stormwater and Land Drainage Water Supplies Sewerage and Sewage	**Local Government purpose** “good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost effective for households and businesses”
Public transport services		
Solid waste collection and disposal	Waste Management Recycling TERAX technology and plant	
Avoidance or mitigation of natural hazards	Emergency Management Rural Fire	
Libraries, museums, reserves, recreational facilities and other community infrastructure	District Library Rotorua Museum Events and Venues Aquatic Centre Public Gardens, Reserves and Cemeteries Community Engagement and Support	
Regulatory functions	Building Services Planning Services Regulatory Services	
	Rotorua Airport infrastructure Destination Rotorua Marketing Economic Development	**Long-term Plan priority**

Direction setting 2013/14 cont.

Three key themes

Council is reinforcing its vision by delivering on three key themes:

Theme 1: Economic prosperity – investment focussed on the district's economic growth as set out in the Long-term Plan.
Theme 2: Environmental improvements: a sustainable and targeted contribution to improving natural and built environments.
Theme 3: Continuous business improvement: a council that is focussed on customer services and continuous productivity improvement.

The three key themes help council to deliver the goals and objectives set out in the Long-term Plan and to manage costs and revenue. Looking towards 2013/14 Council has reflected on the themes and has carefully considered the impacts and projects associated with them. This ensures that the direction of council's delivery of services and costs remains in line with the intent of the Long-term Plan. Council has outlined in the following sections (major issues/projects 2013/14) how the goals and objectives of the three key themes will drive strategies, plans, project implementation and customer service delivery.

Financial strategy

As part of the Long-term Plan 2012-2022 Council developed a financial strategy. The financial strategy is both an overall direction for financial matters and a synthesis of the financial issues and consequences of council policies and service delivery decisions. It tells our community what will be provided and how much it will cost, taking into account pressures and demands from competing wants and needs of the community. In planning its business, the council must undertake a balancing act of delivering services while keeping funding affordable, ensuring equity between current and future generations, fairly sharing the costs of delivering services across different users and maintaining a strong balance sheet. In Council's financial strategy 2012-2022, five drivers of financial management were identified. They acknowledged an initial focus on economic prosperity and development, a subsequent return to a balance across all four wellbeings, the need for effective cost controls to achieve low rates increases (i.e. less than 3.5% for years 1-3), managing debt in a prudent financial manner and preserving levels of service.

Council has tested this financial strategy and is of the view that the drivers of the financial strategy continue to be the priorities despite some minor changes developing out of Local Government Reform. Economic prosperity continues to be a major focus for the council as seen in the commitment to Grow Rotorua Ltd, joint venture marketing with airlines and continuation of the CBD revitalisation programme. The four well-beings have been removed from the definition of local government functions. However Council believes that the functions and activities it undertakes continue to meet the new purpose of local government.

Delivering the lowest possible rates increases is an ongoing commitment. The financial strategy worked on the assumption that rates increases would be held to less than 3.5% for years 1-3 of the Long-term Plan. This annual plan proposes a small rate increase of 0.99% for the 2013/14 year. This is achievable while still delivering the same services previously provided. Being more efficient, reducing waste and enhancing customer services has provided the catalyst to achieve this.

Financial strategy

1. Focus on economic prosperity
2. Return to sustainable balance across the well-beings
3. Rates increase less than 3.5% in years 1-3
4. Retain/improve service levels
5. Ten year debt below policy limits

Council debt/Debt reduction

Submissions to the draft Annual Plan from residents, business people and elected members included concern about the level of debt being proposed. This has led to questions being raised about the use of debt for council growth and increased levels of service capital expenditure. Council closely monitors debt levels, particularly debt in ten years time. This is to ensure that debt levels are always managed within prudent debt management policy and to retain 'head room' in the last three years of the Long-term Plan for future generations to use that capacity for their aspirations.

However as a result of community concern about the level of debt, Council has agreed to establish a debt reduction programme. This may include a number of tools such as:

- **Strategic property reviews** – review of strategic property to identify where council is holding property that may no longer be required and could be disposed of.
- **Rate rises** – targeting rate rises which would be directly put towards lowering the debt.
- **Levels of service review** – undertaking reviews of services provided by Council to establish if there are opportunities to reduce the level of service without significant change in services provided. If this is undertaken, a full

Direction setting 2013/14 cont.

programme of consultation would be required to ensure council fully understands expectations around the services provided. The overall objective would be to allow Council to either defer expenditure or make savings that can be used to repay debt.

- **Capital works programmes** – for capital expenditure related to "new" growth and levels of service projects establish a framework to assess capital projects, fully evaluating costs, return to council, impacts on borrowing, need, ability to enter into joint venture funding etc. These will test the need, timing and funding of projects that require large amounts of borrowing to proceed.

Council has set a goal of $2 million revenue from the sale of property within the 2013/14 year for reduction of debt. Other debt reduction goals will be developed in line with Council decisions on what level of debt reduction is appropriate given community concerns.

The reduced debt level now forecast as compared to the Long-term Plan is also the result of a number of capital projects not proceeding as previously planned for the 2013/14 year in the Long-term Plan. These include:

- Sewerage schemes not proceeding due to consenting issues (Rotoma, Gisborne Point, Hinehopu)
- Deletion of lighting project for Rotorua Museum
- Deferring development of a health centre at the Aquatic Centre
- Deferral of Kuirau Park development
- Deferring initial development of a public transport centre due to lack of NZTA support

At the time this Annual Plan was adopted debt forecast for 30 June 2013 was $159.40 million. Over the life of the 2013/14 Annual Plan this is forecast to rise to $168.00 million (this reflects $2 million of debt repayment from property sales) at 30 June 2014.

Long-term Plan projected debt *($ in thousands)*	**2012/13**	**2013/14**
Long-term Plan 2012-2022	158,114	172,781
Annual Plan 2013/14 debt	159,400 estimate	168,001 estimate

Continuous business improvement – Lean Thinking

The Council is progressively implementing a bold programme of increased efficiencies and continuous improvement based on the successful international business concept known as 'Lean Thinking.' Under Lean Thinking, staff members are encouraged to bring more flexibility to their work, to be innovative, and to find creative solutions to problems, so the expectations of customers are better met. Within the first year, Lean Thinking delivered a number of improvements to our organisation including improved service to customers, recognition from our peers in other local authorities and the private sector, national awards and financial savings. Throughout the 2013/14 year we will maintain this momentum by continuing to better understand and meet our customers' needs and recognising what they value, while focussing on reducing waste of resources.

Refocus council's maintenance and operations business unit - Castlecorp

In line with the new purpose of Local Government, the council has examined how it uses and manages its operational service arm, Castlecorp.

Council has refreshed its business model to better reflect the partnership relationship that exists, with the aim of improving overall efficiency, effectiveness and economy of services provided by Castlecorp to the organisation.

This builds on similar reviews in the past. In 2009 a review of Castlecorp's activities was undertaken by consultants, Management Toolbox. This review identified a number of improvement areas, including increasing the scope of the Castlecorp range of services. Savings of close to $800,000 were made at that time.

In today's operating environment the quasi-separate approach (treating Castlecorp like a separate contractor) leads to:

- a considerable amount of duplication (quotes, and invoicing);
- an adversarial relationship at times within Council; and consequently
- increased costs.

The main point is that Castlecorp is not like any other contractor. It is a department of council and uses staff who are employed by council. Therefore it is sensible to treat Castlecorp as a partner and not a contractor. Council has now assigned more costs previously ring-fenced to Castlecorp, to the activity areas that directly use those staff and incur those costs.

No changes in leadership, management or its staff are anticipated for Castlecorp. The talent, skills and experience developed at Castlecorp will continue to be vital to ensure efficiency and effectiveness in its operations and activities.

Direction setting 2013/14 cont.

Rating framework / Rates for 2013/14

The 2012/13 rating year saw major shifts in the incidence of rates as a result of the change to capital value rating and the 2011 revaluation. It meant significant decreases for the farming sector and slight increases for the rural residential sector. Because of changes resulting from the introduction of capital value, Council decided to have one year free from more major changes to the rating system and to focus the 2013/14 year on the business rate differential. However Council remains committed to its intentions as set out in the Long-term Plan 2012-2022 to:

- *consult on a fixed charge for holiday homes and other home businesses as a contribution to the Business and Economic Development Targeted Rate.*
- *moving all differentials to 1.0 over time through the annual plan process.*

Council has confirmed an overall rate rise for 2013/14 of 0.99%. This includes a $4 per property (GST excl) increase in the cost of refuse collection for rural and urban areas. In addition, there is a $1 (GST excl) increase in the targeted rate to fund the Lakes Community Board. The 0.99% rate increase is well below that signalled for year 2 of the Long-term Plan, to reflect the drop in inflation and CPI.

It has been particularly challenging for the mayor and councillors to determine exactly what level the business differential should be moved to for 2013/14. While the rates increase is to be held to 0.99% overall, there was some concern that moving the business differential down would result in higher rates increases for other sectors of the community, such as the urban residential, rural residential and farming sectors. In particular there is sensitivity to the current plight of the farming community and the impacts they are suffering from the recent drought, as well as to the situation faced by the business sector from the on-going effects of the global financial environment.

Council confirmed its intention to adjust the business differential down from 2.2 to 2.1 in the 2013/14 year. This would mean the actual rates increase for each sector would vary slightly from the overall 0.99% increase in rates across all sectors. The average changes for individual rating sectors therefore in this Annual Plan are:

Overall rates increase across all sectors	**+0.99%**
Business sector (decrease)	-0.20%
Rural residential sector	1.40%
Urban residential sector	1.02%
Farming sector	2.20%

Other changes include minor downward adjustments to capital contribution targeted rates for completed sewerage schemes.

Local Government Funding Agency

Rotorua District Council joined the Local Government Funding Agency (LGFA) in February 2013 and currently has sourced $20m of funding through this agency.

By joining the LGFA the council has significantly enhanced certainty of access to debt markets, at lower interest rates than would otherwise be available. This is due to the LGFA's strong credit rating (AA+) being in line with the New Zealand sovereign rating. Through the LGFA, Council also has access to longer term borrowings.

The LGFA only lends to local authorities and each participating council must adhere to a number of financial undertakings. For example, "net debt" is not to exceed 175% of "total revenue". Each council must also provide a charge over rates to secure their debt and/or guarantee obligations to the LGFA.

There is currently no history of default by a local authority but if a council were to default a receiver appointed by the LGFA could assess and collect sufficient rates in that district or region to eventually recover the defaulted payments.

LGFA has a range of internal and foundation policies to protect and minimise risks of default and a liquidity standby facility with the NZ Debt Management Office of $500m, in addition to participating councils' guarantee obligations. The guarantee is a contingent liability shared by participating councils to LGFA and is on a pro-rata basis based on annual rates income.

Council does not currently have a shareholding interest in LGFA.

Currently 30 councils have joined LGFA as Shareholder/Guarantor Local Authorities and eight, including Rotorua District Council, as Borrower/Guarantor Local Authorities.

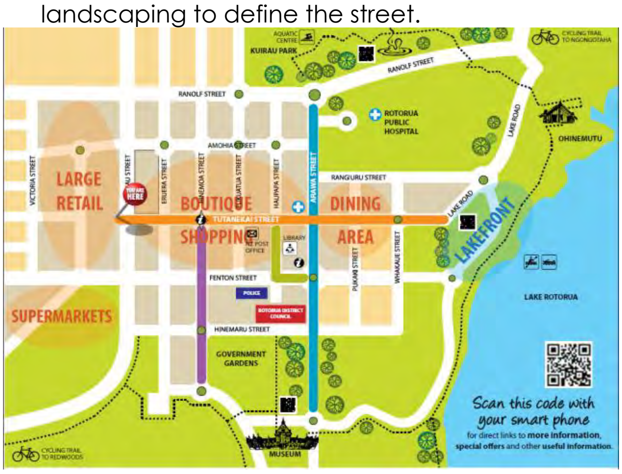
Major issues/improvements 2013/14

CBD revitalisation investment program - Urban Design Framework

Council is committed to continuing revitalisation of the central city through implementation of the CBD revitalisation project which commenced in 2007 and led to the subsequent Urban Design Framework adopted in 2011. The framework is based on an activity precinct approach where distinctive areas within the city centre have been identified for improvement.

A number of projects form part of the CBD revitalisation programme these include:

- **'Walkable City'** – this project follows on from 'way-finding' signage that has been erected throughout the city during the 2012/13 year. Tutanekai Street intersections will be altered to enable better pedestrian crossing, a redesign of seating areas and greater use of landscaping to define the street.



- **Local transport centre** – investigating the location of a local transport centre and links with the regional bus network.
- **Eat Streat** –continuing to develop a destination within Tutanekai Street that attracts people and provides a sense of arrival and alfresco dining that is safe, inviting and commercially viable. Construction will commence in August and is expected to be completed by December 2013.
- **Lakefront development** – working towards a defined development concept with Lakefront land owners and Lakefront business operators. Due to the scale of this project it is expected to take two years for the completion of consultation with all parties and the development of a defined concept.
- **On-street time-limited CBD parking regime** – Installation of 'a SmartEye' vehicle detection sensor system in combination with a new parking regime to attract more people back into the CBD and create a greater flow of traffic in and around retail and offices. Following testing of the technology, and a review of the parking policy, it is anticipated that by December this new technology will be fully installed and operational. Annual costs of $400,000 per year have been included to support the concept of time-limited parking and ICE programme operations.
- **ICE department** - creation of a new department that integrates on-the-ground city service functions with the CBD revitalisation programme. The function of this department will be to plan and implement CBD projects alongside the operations of maintaining the city centre including the safe city guardians, street cleaning, security camera network and the activities of the parking wardens.

Rotorua International Airport

- **Airport development funding**

In developing the Long-term Plan the council determined that it was prudent for rates-sourced funding to continue. An allocation of $4 million in each year of the Long-term Plan 2012-2022 has been re-confirmed in this plan for the 2013/14 year.

The airport needs to be considered the same way other community infrastructural assets are considered. Like those other assets the airport is community-owned, providing a range of benefits to residents, and is of significant strategic importance to the district's economic future.

> *"Providing an airport comes at significant cost to ratepayers … but failure to provide an airport comes at an even greater cost - to our community and to our future potential."*

Major issues/improvements 2013/14 cont.

- **Joint Venture marketing for trans-Tasman air services**

The Long-term Plan 2012-2022 did not specifically signal a joint venture marketing campaign as previous annual plans had. With the recent withdrawal of flights from Hamilton to Brisbane and a new Rotorua Airport chief executive, the commitment to tourism is at an all time high. It is now seen as time to grow the business. It took visionary leadership by the council to decide to fund airport development eight years ago; now the vision is being focused on development of new business opportunities. To be really serious about the council's vision for growing the business council have agreed to commit funds of up to $3 million over two years within the Economic Development activity to provide for joint venture marketing. Structuring this funding will be finalised between council and the airport company in due course. In the meantime Council has retained $1 million in the 2013/14 budget and included up to $2 million for the 2014/15 Annual Plan.

District Plan

The next two years will be a critical time for Rotorua as the council takes the new District Plan through the notification and appeals phases with the aim of it becoming operative in the 2014/15 year. This is one of the most important documents Council has as it defines what people can do on their land as permitted activities or through a resource consent, and what their neighbours can do. Council notified the District Plan in October 2012 with a submission period that closed 1 March 2013. At closing 516 submissions had been received. Over July submitters will be given the opportunity to present their submissions in person to council.

Grow Rotorua Limited – council controlled organisation (CCO)

Grow Rotorua began operating in November 2012. It was established as a result of the Rotorua Sustainable Economic Growth Strategy and is 100% owned by Rotorua District Council, operating as a council controlled organisation (CCO). Grow Rotorua has an independent skills-based board of six members plus chairperson, and employs its own chief executive and staff.

Grow Rotorua was created to bring a professional investment approach to the understanding and development of initiatives to strengthen Rotorua's value proposition in its four key economic driver areas: forest industry, tourism, agriculture and geothermal (main opportunity area). Grow Rotorua has recently released its statement of intent (2013-2015) which unveiled its plan to be a catalyst for growth. The focus for the next year is on projects where there are synergies across sectors, to maximise growth opportunities. The projects range from growing tourism through the spa and wellness sector, to increasing infrastructure and events for mountain biking, and using geothermal resources in direct heat applications. In each project work will be undertaken next year to determine growth potential, analyse barriers and investment opportunities, and identify potential investors.

2013-2015 Grow Rotorua economic growth projects:

- **Spa & wellness** – grow the spa and wellness sector across a range of facilities.
- **Biking** – grow tourism revenue through opportunities for biking infrastructure, services and events.
- **Processed timber** – identify market segments and distribution channels to process and supply products from pine.
- **Specialist living** – investigate opportunities for aged care and specialist living, utilising geothermal resources and wood.
- **Innovation Park** – assist in development of an Innovation Centre.
- **Geothermal** – identify alternative uses and values of geothermal resources.
- **Geothermal direct heat** – provide strategy on economics for utilising geothermal in direct heat applications.
- **Manuka honey** – determine opportunities for manuka honey.
- **Land use change** – research on alternative land uses in conjunction with Rotorua Te Arawa Lakes Programme.
- **Te Arawa investment** – engage with Te Arawa and develops iwi investment opportunities.

Major issues/improvements 2013/14 cont.

- **Centres of Excellence** – work with tertiary and research institutions to determine feasibility of Centres of Excellence in Rotorua.
- **Start-up facilitation** – establish programmes to create a start-up community, provide a business incubation framework and develop angel investor network.
- **Business retention and attraction** – target businesses that would gain real value from re-locating to Rotorua.
- **Investment capital** – build confidential database of companies for capital investment.

For more information visit the Grow Rotorua section of the RDC website.

Famously Rotorua Campaign – Destination Rotorua Marketing

Our destination marketing function contributes significantly to the Rotorua tourism sector which makes a 13-15% direct contribution to Rotorua's gross domestic product and just over 20% of employment. At the direction of the Tourism Committee, Destination Rotorua Marketing has facilitated development of a significant "game changing" Rotorua branding and marketing campaign based around the brand Famously Rotorua. This campaign is domestically focussed in Auckland, Waikato and Bay of Plenty as well as a large focus on locals of Rotorua. Its ultimate aim is to create 70,000 resident ambassadors. A campaign such as this is budgeted to cost around $1.5 million to $2 million. In order to make a real impact in Year One a goal of raising $1 million to $1.5 million has been set. Council's commitment to provide additional one-off funding towards this project brings the DRM contribution up to approximately $700,000. Added to that are commitments from the industry of $300,000. Further funding is also being applied for via grants and ongoing work with industry.

Development Contributions

The Development Contributions Policy was reconfirmed by Council in adoption of the Long-term Plan 2012-2022. At present the policy is being reviewed by central government in the suite of policies/processes under review as part of the local government reform programme. While this is underway council has made the decision to continue with the existing policy in its current form and to not undertake any further reviews until the direction of central government is made clear on this issue.

Development contributions are a mechanism by which councils can secure contributions towards the construction of infrastructure resulting from growth. With the decline of growth since the global economic crisis the amount expected to be collected has declined. In the 2013/14 annual plan council expects to receive around $700,000 from development contributions.

Fees and charges

Council's suite of regulatory fees and charges must be reviewed on an annual basis and the revised fees adopted by the council. These include: Animal Control, Building Services, Environmental Health and Resource Consents. For each of these the fee has been increased by approximately 3%.

TERAX

Rotorua District Council has received a grant from the government of $4.7 million to build a full scale waste treatment plant using the world-leading TERAX technology developed by Scion in partnership with the council. This will provide significant economic and environmental benefits to Rotorua District Council in the long term. A new company, Terax Ltd, is jointly owned by the two organisations and will take on responsibility for New Zealand-wide and international protection and commercialisation of the TERAX process.

Customer service – mobile solutions

Part of making it easier to interact and do business with the council is the opportunity to use on-line services through Council's website. This is an area of investment for the council and links to work being done around shared services and simplifying council processes and documentation (continuous improvement and Lean Thinking). The council is also focusing on enhancing customer service for those people who choose to make contact in person at a council location or by telephone.

Council is currently working in a shared services arrangement with Hamilton City Council to add a number of e-services to council's website. This is intended to help improve customer service for residents and reduce costs.

Council is also looking to improve the effectiveness and speed of service by enhancing mobile services where there is a good business case. This includes enhancements for building inspections and consents, requests for service and asset management information capture.

Major issues/improvements 2013/14 cont.

Staffing and staff costs

Council has undertaken a major review of its staffing and staff costs. Within this review a move away from reporting only full time equivalent staff to a more transparent and understandable analysis of budgeted staff has been introduced. Under this form of reporting all staff, be they fulltime, part time, or fixed term are now counted in council's overall staffing head count total and therefore the head count matches staffing budgets.

Below are tables summarising the four operational groups within council to illustrate staff numbers employed at Rotorua District Council as at 1 July 2013:

Corporate and Customer Services Group	**2013/14**	**2012/13**
Community Engagement and Support	6.00	6.50
District Library	34.91	37.70
Emergency Management	1.00	1.00
Governance and Strategic Direction		
Chief Executive Group	5.00	5.00
Corporate planning and support	12.00	11.80
Corporate property	4.50	3.00
Customer Centre	19.23	17.00
Democracy	3.00	3.00
Financial Services	24.48	24.88
Human Resources	6.30	6.50
Information Services	16.40	17.20
Kaupapa Maori	2.00	2.00
Land information services	4.00	4.00
Pensioner housing	1.00	1.00
Procurement and Sustainability	3.25	3.25
Records	7.25	9.00
Total	**151.11**	**152.83**

Economic and Regulatory Services Group	**2013/14**	**2012/13**
Building Services	17.05	16.00
Economic Development		
City Services operations	23.71	5.57[1]
Destination Rotorua Marketing	9.08	10.00
Economic Projects	2.02	3.00
Rotorua Visitor Centre and i-Site	19.31	19.83
Events and Venues Rotorua		[2]
Convention Centre	11.85	1.75
Energy Events Centre	7.24	1.00
Event and community programmes	3.00	3.00
Event and venues administration	5.00	22.00
Venues other	1.02	1.02
Planning Services	20.96	17.75
Regulatory Services		
Animal Control	8.40	8.33
Inspection	9.39	9.33
Parking Enforcement	6.97	6.71
Rotorua Museum	27.21	20.50[3]
Total	**172.21**	**145.79**

Infrastructure Services Group	**2013/14**	**2012/13**
Aquatic Centre	31.85	31.65
Engineering Services	0.00	12.57[4]
Asset Management	3.75	4.75
Dezignworx	4.00	4.00
HYDRUS	13.90	13.00
Infrastructure administration	7.00	7.00
Works administration	0.00	8.82
Public Utilities administration	0.00	9.32
Laboratory	6.00	5.00
Public Gardens, Reserves and Cemeteries	72.13	8.75[5]
Cemeteries/Crematorium	2.52	0.15[5]
Nursery	8.40	8.55
Roads and Footpaths	7.59	0.00[5]
Transport (road safety and state highways)	2.23	2.23
Sewerage and Sewage	28.85	11.89[5]
Stormwater and Land Drainage	8.05	0.00[5]
Waste Management	2.53	0.00[5]
Refuse collection	19.93	0.00[5]
Landfill	0.54	0.54
Water supplies	33.28	0.00[5]
Total	**252.55**	**128.22**

Castlecorp Group	**2013/14**	**2012/013**
Castlecorp – staff cost/numbers now allocated across Infrastructure Services Group	0.00	119.00[5]
Fleet	3.72	3.00
Total	**3.72**	**122.00**

Rotorua District Council staff total	**579.65**	**548.84**

[1] Additional staff from previously external city cleaning contracts being brought in-house and from Castlecorp business re-focus

[2] Redistribution of staff to align costs with main functions of staff positions – overall reduction of 0.9

[3] Additional staff resulting in management of museum café being fulfilled by the museum and not a private contractor

[4] Staff costs aligned with main functions of staffing positions spread across Infrastructure Services Group

[5] Staffing costs reallocated as a result of Castlecorp re-focus – alignment of staffing costs with main functions of staffing positions

Major issues/improvements 2013/14 cont.

Increased emphasis on spatial planning

One frequent community comment on the draft District Plan was a request for a clear strategic direction on how and where the district is going to grow. A spatial plan is a good way of responding to this request and provides a simple, easy to follow document bringing together other key technical documents that inform the future shape of the district. The spatial plan will articulate likely future growth scenarios for the district and will become a key future planning tool for Council, residents, regional council, central government agencies and investors. The plan will also be an important step in ensuring the proposed new District Plan and future infrastructure investment is aligned with the growth aspirations of the community.

Phase 1 of the spatial plan will be completed in 2013/14, in close alignment with the District Plan review process. Subsequent reviews will be linked with long-term planning triennial review milestones at 2015/16 and 2018/19.

It is important to emphasise it will not be "just another plan". Its name may yet change from 'spatial plan' and its key function in its first phase will be a map-focused document that reflects a user-friendly raft of technical documents.

Enhanced infrastructure design – representing the character and culture of Rotorua

Urban design has been evolving over the last couple of decades. As a result, a greater emphasis is being factored into infrastructure projects to consider how the final structure will look within the built and cultural environment. This approach is recognised internationally and is demonstrated through integration of public art, design features on solid structures, landscaping, screening etc. At an operational level a policy has been developed to ensure that future infrastructure projects include an allowance within budgets to provide for the "look and feel". The policy allows for 1% of the budget to be set aside for the aesthetic value of the project. To cement this approach even further, an idea has been put forward to remove 1% from the overall capital budget and ring-fence this as a fund to ensure that appropriate urban design is factored into projects at the initial planning/design phase and not left to the end of the build. The fund will sit under the responsibility of the Community Arts Officer within Community Engagement and Support. Capital budgets have been reduced accordingly meaning no additional rates funding is required. Based on capital expenditure for 2013/14 this will make available $270,000 for integration of urban design/infrastructure construction.

Urban wastewater treatment plant

The urban wastewater treatment plant uses the latest technology to ensure treatment of effluent is of the highest standard. It uses a Membrane Bio Reactor, which is technology borrowed from drinking water systems. The plant uses this technology to ensure that, to the extent possible, nutrients are stripped from the discharged wastewater. This wastewater is then irrigated in the Whakarewarewa Forest and uses the forestry and land to further strip nutrients. However, in recent years the consent which allows up to 40 tonnes of nitrogen per annum has been exceeded on a number of occasions and the Bay of Plenty Regional Council issued an Abatement Notice. This matter was addressed by the Environment Court which requires council to apply for a variation to the consent for the wastewater treatment plant.

The process of applying for consent variation has commenced and includes consultation with landowners, iwi and other parties. The landowners, where council has an easement for spray irrigation, do not believe the process is sustainable into the future and have requested Council to explore alternatives. The alternatives are numerous and the council is assessing a range of them. These include alternative land areas for treatment using a range of methods not available on leasehold land with a plantation forest, as is the current situation. Added to this is the need to find a wastewater treatment option for a reticulated scheme at Rotoma, Gisborne Point, etc. Council's original proposal was to develop a small wastewater treatment plant in the vicinity. However, this was appealed to the Environment Court, and the court did not support council's proposal.

A range of alternatives have been evaluated and shortlisted to two key options, one being to pipe waste to the Kawerau District Council's wastewater treatment plant and the other to pipe the effluent to the Rotorua wastewater treatment plant. No decision has been made as yet.

Council is handling the wastewater treatment plan consent variation, alternative land treatment options and treatment for Rotoma/Gisborne Point community sewerage schemes as a package. This will require a lot of research, technical design, consultation and various consents. It is an important matter and one that needs to be supported by the community, landowners and iwi. Further information will be made widely available to the community as plans are developed in order to seek support for the particular direction eventually identified. Council remains committed to a programme towards more advanced land treatment options.

Major issues/improvements 2013/14 cont.

Local authority shared services – BOPLASS Limited

BOPLASS Ltd is a company jointly owned by Bay of Plenty local authorities, and was established in 2008 to explore shared services. The early years of the company's history were focused on using the scale of the nine local authorities to collectively leverage procurement gain.

Local authority	Population 2011	Expenditure 2011 ($m)	Revenue 2011 ($m)	Staff 2010
Bay of Plenty Regional Council	277,100	76	75	280
Gisborne District Council	46,600	77	70	277
Kawerau District Council	6,940	8.5	9	57
Opotiki District Council	8,950	11	11	46
Rotorua District Council	68,900	104.5	97	522
Taupo District Council	34,100	75	63.5	357
Tauranga City Council	115,700	148	145	490
Western BOP District Council	45,800	63	62	165
Whakatane District Council	34,500	55	54	165

BOPLASS Ltd has made great progress with procurement savings over and above what could have been achieved individually by each local authority. However, in many cases with the government's "all of government" tendering also available to local government, even greater gains are possible.

Therefore the company requires a step change into more joined-up local government in the Bay of Plenty. A fruitful area being explored is the provision of shared services which require two or more of the local authorities to work collaboratively to deliver a service jointly to the local authority, ratepayers and customers. There are effectively four approaches that can used -

1. One local authority delivers the service on behalf of a number of local authorities.
2. Two or more local authorities work together to jointly deliver the services effectively.
3. A separate service delivery structure such as BOPLASS delivers the services on behalf of the participating local authorities.
4. The services are outsourced using a market approach and the local authority simply procures from that external provider.

Areas being explored are back-of-house services, e.g. information technology. Other services that are delivered to households and businesses are also being examined. An example is the building consent process. The challenge for shared service building consent activity is that the service will need to ensure improved customer service where customers are prepared to pay for that high level of service, reduced waste and ultimately lower costs.

Some of the issues associated with such decisions require:

- Multiple levels of service to meet the needs of each participating local authority;
- Understanding downstream effects on the local authorities' GDP, i.e. job losses or gains;
- Other levels of service increasing cost reduction sufficient to create a positive benefit cost ratio.

Bay of Plenty and Waikato local authorities are applying resources and urgency to proceed in order that gains can be realised from shared services for the benefit of residents and businesses of the region.

Redevelopment opportunities for 20 pensioner bedsits in the Rawhiti complex, Miller Street

Council has 20 old and tired bedsit units in the Rawhiti complex on Miller Street. As these units are no longer providing the quality of accommodation needed for tenants, the council had included in the Long-term Plan a budget of $3.6m to demolish the units and replace them with modern units. Most of the rest of the Rawhiti complex was upgraded a number of years ago with half the cost of the upgrade being covered by a Housing New Zealand grant. There are 12 older units on the north end of the property which will need to be upgraded.

While Housing New Zealand grants are no longer available to councils, RDC included $1.8 million of external funding in the Long-term Plan budget to reflect some form of future partnership with a yet-to-be identified external group or body. Since these budgets were set, Council has been approached by the Rotorua Continuing Care Trust which operates Whare Aroha. The trust provides hospital care, short term relief and day care, and accommodation for patients and carers. The trust has a lease on a lakefront property that expires in 2016, with a right of renewal. The trust feels it is important to find a new site that provides longer tenure and reduced costs.

Major issues/improvements 2013/14 cont.

Proposal

The trust is interested in leasing, on a 'peppercorn' basis, the area of the Rawhiti complex currently occupied by the 20 old bedsits.

The trust proposes to build a supported living complex that would include 24 apartment bedsits with a communal lounge and eating area. The trust would service this complex. In addition, the trust would build a new two-storey hospital on the site comprising 72 rooms in three connected blocks. Beds in the hospital would be allotted for the hospital and dementia unit as required.

The council's relationship with the trust would be as a landlord (of the land) only. The operations and management of the complex would remain entirely with the Trust. However, it is hoped that some additional services could be provided to other council tenants within the remainder of the Rawhiti complex. Any discussions on this would be separate to the main proposal.

It is anticipated that over the next 12-24 months existing tenants of the 20 bedsits will be moved into newer units within the complex as they become available. The old units will then be sold for removal. The Council would provide a clear site to the trust. With removal of the current driveway, 20 bedsit units and realignment of a sewer main, the cost to council is expected to be less than $100,000.

Eligibility criteria for the trust's 24 apartments will be similar to Council's existing pensioner housing criteria. On this basis, council believes there is an increase in the overall provision of accommodation for pensioners within our community. Council is also supporting an important community service and improved services within the remainder of the Rawhiti complex.

Changes to the draft Annual Plan

Council received 176 submissions on the draft Annual Plan. The submissions covered a broad range of topics, including the Inner City Enterprises proposal, Destination Rotorua Marketing, Famously Rotorua Campaign funding, Grow Rotorua Ltd, Council debt and funding of the Rotorua airport.

Following careful consideration of all the submissions made Council made the following decisions:

- Addition of $5,000 for additional lighting on Te Akau Road
- Addition of $300,000 towards the Famously Rotorua Campaign
- Addition of $50,000 towards renewal of the Rotoma walkway
- Removal of $1,450,000 proposed to purchase 1251 Tutanekai Street (former bank building)
- Continue support of joint venture funding towards development of additional flights, destinations and marketing of Rotorua Airport by committing up to $3,000,000 over the next two years. ($1,000,000 in 2013/14; $2,000,000 in 2014/15)

Carry forward from 2012/13 projects not completed:

- Lake Road - $1,300,000
- Eat Streat - $394,000
- Urban Design - $235,750
- City Services - $200,000 for automation of car parking building
- Destination Rotorua Marketing - $170,000 for rebuild of website
- Waste Water - $360,000 for waste water treatment plant renewals
- Water Supplies - $20,000 for seismic value replacement
- Water Supplies - $115,000 for urban water supply replacements

Capital works programme – urban

ROADING

- ① Fenton Street 'Share With Care' (cycleway)
- ② School Active warning signs - Western Heights Primary
- ③ Local area traffic calming project - Gem Street
- ④ Urban area speed reduction project - Clayton Road (Susan Street to Pukehangi Road)
- ⑤ Security Lighting - Duncan Street, Mount View Drive, Pedlar Street Reserve
- ⑥ Susan Street intersection minor safety works (unsubsidised)
- ⑦ Street light renewals:
  - Lake Road (Lakefront)
  - Korokai Street
  - Rangiuru Street
  - Red Cross Carpark
  - Whakaue Street
  - Pukaki Street
  - Victoria Street
  - Capricorn Place

WATER SUPPLY

- ① Watermains and Rider Mains Replacements
  - Sophia Street
  - Koutu Road
  - Peace Street
  - Chestnut Place
  - Diana Place
  - Everard Place
  - Joanne Crescent
  - Landscape Drive
  - Taharangi Street
  - Petrie Street
  - Tryon Street
  - Charles Road
  - Mokoia Road
  - Ruby Place
  - Emerald Place
- ② Eastern network sectorisation and firemain improvements
- ③ Waipa Mountain Bike Carpark toilets water connection

WASTEWATER

- ① TERAX™ thermal deconstruction plant
- ② Sewer mains replacement - Whakatau Street, Elizabeth Street, York Street areas
- ③ Land treatment system renewals
- ④ Pump station renewals (various sites)
- ⑤ Wastewater Treatment Plant renewals and minor improvements
- ⑥ Wastewater treatment / disposal upgrade investigations
- ⑦ Waipa Mountain bike carpark toilets sewer connection

RECREATION

- ① Kuirau Park / Aquatic Centre upgrade planning
- ② Waipa carpark toilets
- ③ Blue Baths Pool repairs

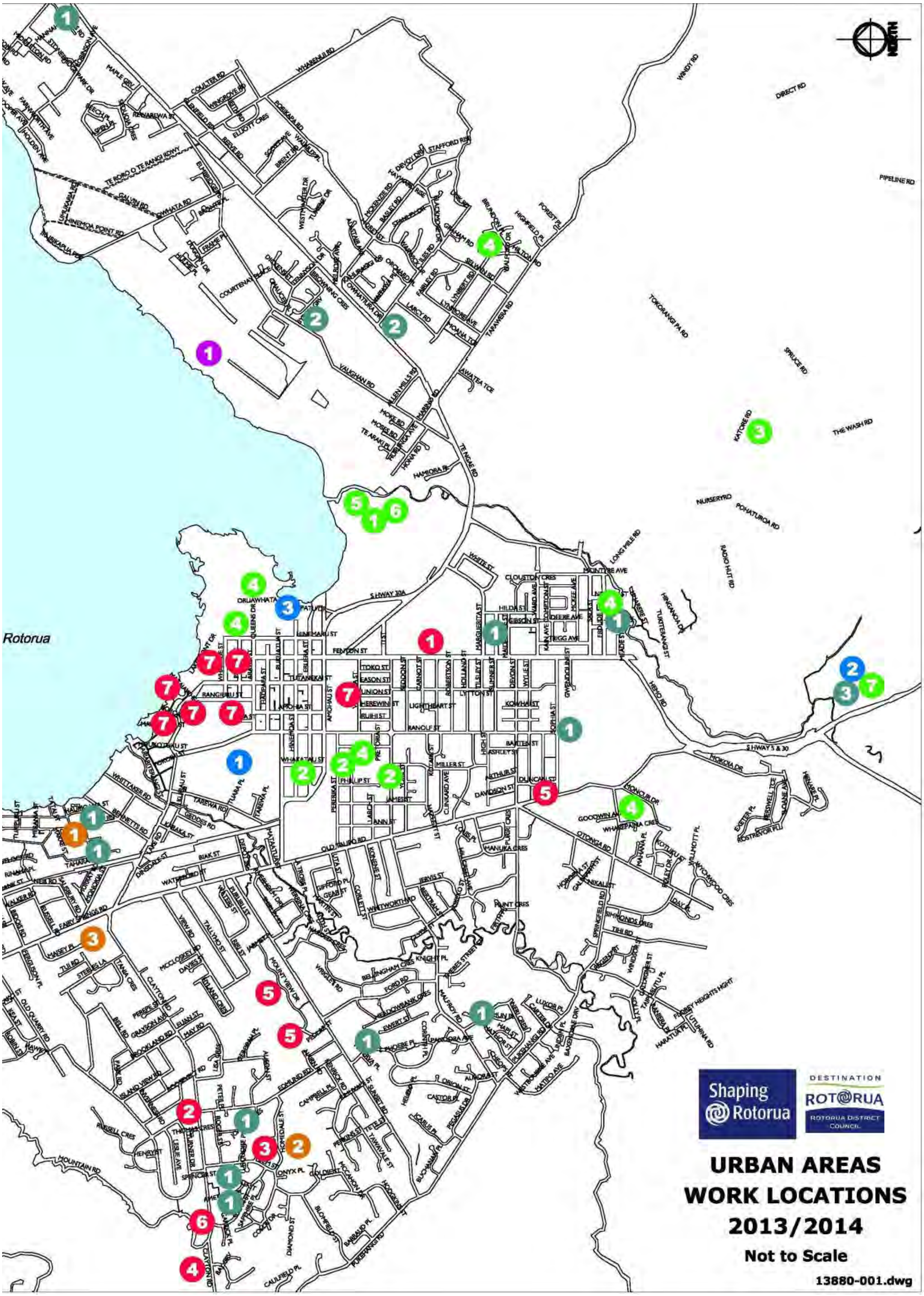
HIGHWAY PROJECTS

- ① Eastern Arterial Project (NZ Transport Agency led)

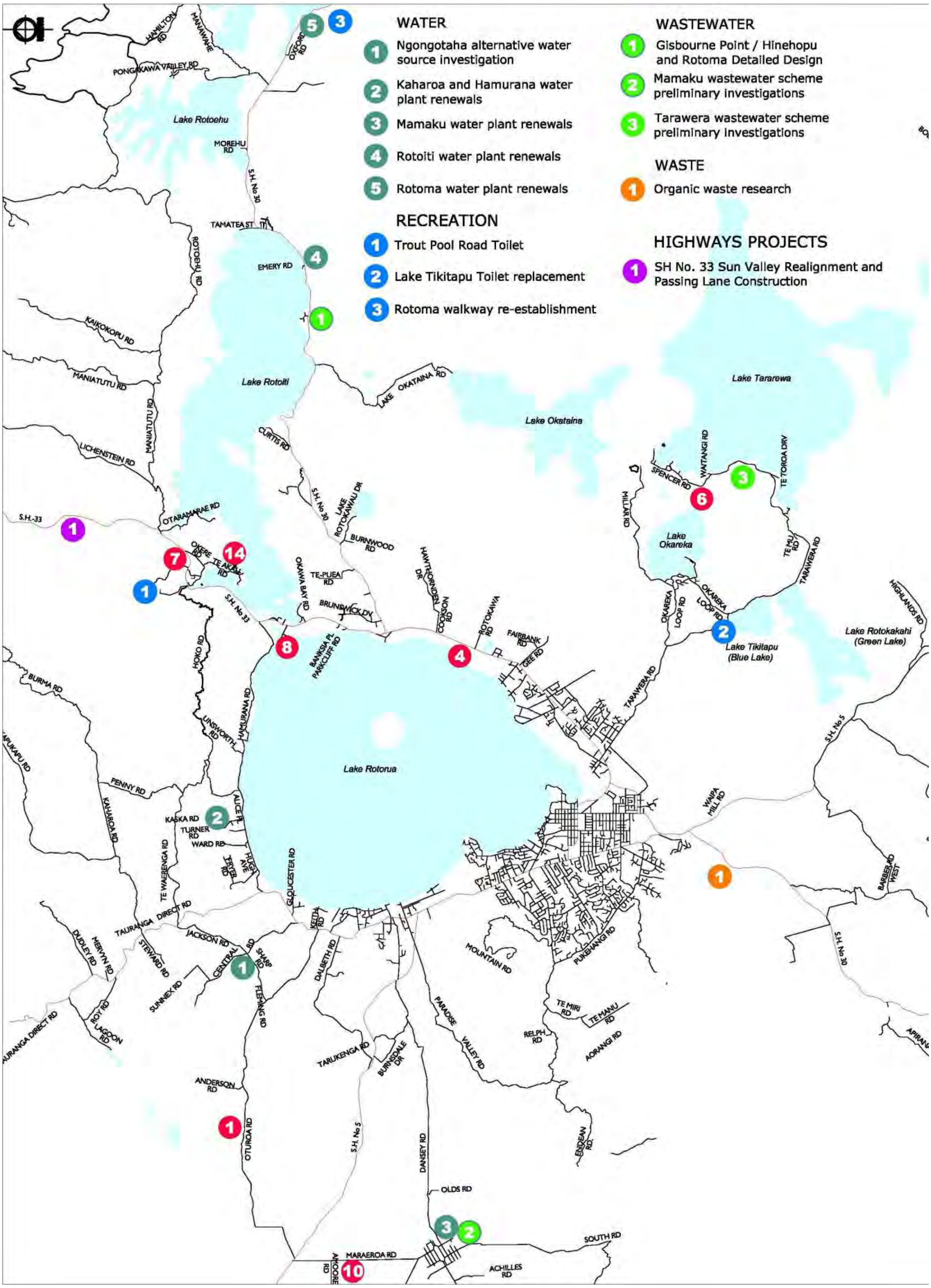
LAND DRAINAGE

- ① Koutu drainage upgrade (continuation)
- ② Mangakakihi drainage improvements
- ③ Industrial drain upgrade (Steeles Lane to Maisey Place)

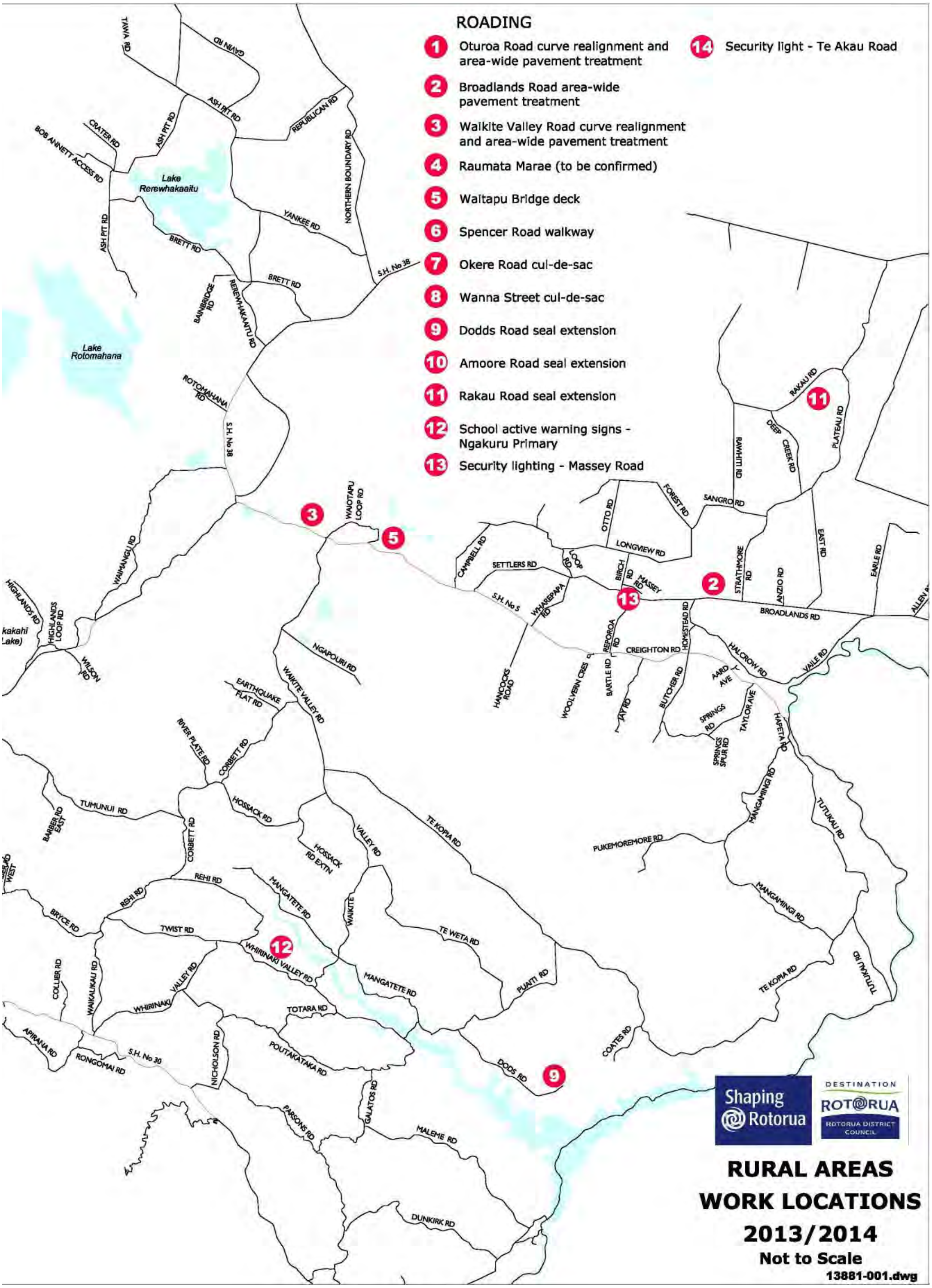
Capital works programme – urban cont.



Capital works programme – rural



Capital works programme – rural cont.



ROADING

1. Oturoa Road curve realignment and area-wide pavement treatment
2. Broadlands Road area-wide pavement treatment
3. Waikite Valley Road curve realignment and area-wide pavement treatment
4. Raumata Marae (to be confirmed)
5. Waitapu Bridge deck
6. Spencer Road walkway
7. Okere Road cul-de-sac
8. Wanna Street cul-de-sac
9. Dodds Road seal extension
10. Amoore Road seal extension
11. Rakau Road seal extension
12. School active warning signs - Ngakuru Primary
13. Security lighting - Massey Road
14. Security light - Te Akau Road

RURAL AREAS WORK LOCATIONS 2013/2014

Not to Scale

13881-001.dwg