

TATAU

TATAU

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TATAU

ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua

ANNUAL REPORT 2017

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Mihi

Whakataka te hau ki te uru
Whakamata te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
Kia hī ake ana te atākura
He tio
He huka
He hau hū
Tihe mauri ora!

Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with a
sharpened air.
A touch of frost
A promise of a glorious day
It is life!

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Mayor's welcome

E nga iwi puta noa i to tatau rohe o Rotorua

Rotorua's ongoing progress and growth has been evident this past year and future planning has been a key focus for Council.

A highlight of 2016/17 was the refresh of the district's 2030 vision, resulting in The Rotorua Way, the direction for the next few years as part of our journey towards achieving the district's long term aspirations and goals.

Having focused on key priorities that needed immediate attention during the previous few years, it was time to establish what needs to be done during the next few years.

The Rotorua Way focused on defining our district's key strengths – active environment, strong culture, easy lifestyle and diverse opportunities – and identifying opportunities to build on those. It set the direction and priorities for the next few years and I thank all the individuals, groups, school children, young people, iwi and community and sector leaders who participated in engagement on this very important mahi/work.

Our 2016/17 annual plan sought to build confidence and drive further progress while at the same time meeting the needs of the community and maintaining prudent financial management.

Growth has been evident during this past year. We've seen more commercial developments, our GDP growth has consistently remained above the national average, tourism growth continued, business confidence remained high and our population passed 70,000. Rotorua is now officially a medium growth district and while that's a positive, it also comes with new challenges, putting pressure on infrastructure like housing and roads.

During the past year we have continued to work on ways to address these challenges to ensure we can sustain current and future growth. We got started on developing a spatial plan which will shape how the district looks in future, guiding future development and infrastructure.

We secured a \$24m roading package for our central and eastern corridors which will be a good start towards future-proofing our roading networks and we continue to lobby for ongoing central Government investment in Rotorua infrastructure to support current and future growth.

We also saw progress towards a Rotorua Housing Accord to help address housing supply and affordability issues and we started investigations into establishing a community housing trust to provide improved pensioner housing services and potentially become the umbrella for the wider community housing provision.

This work will be progressed during the 2017/18 year.

Collaboration remains crucial to achieving the district's goals and 2016/17 was marked by the launch of a new Council engagement platform, Let's Talk – Korero Mai. Providing more and new ways for people to have their say, the new digital platform had its debut with The Rotorua Way and is proving to be a valuable engagement tool.

A lot has been achieved during the past year. We rounded off our 2016 priorities, established the next set of priorities through The Rotorua Way and we faced unexpected challenges caused by forces beyond our control – such as the closure of our iconic museum. These have tested our resilience and highlighted the need to be prepared and to continue to embrace new ways of doing things.



I would like to acknowledge my Council, our Te Arawa partners and their representatives, Te Tatau o Te Arawa, and our rural and lakes community boards for their invaluable contributions during the past year as we have continued to work alongside the community to achieve our shared goals.

Together we can, and do, make a difference, now and for the future.

Ma te mahi tahi, ma te oho tahi, ma te haere tahi

Ka tutuki nga whakakitenga, ka puawai nga moemoea

Ka tutuki te korere

Tatau tatau – We together



Hon Steve Chadwick JP
Rotorua Mayor



Message from the CE

He korero nā te Tumu Whakarae

Local body elections in the first quarter of the financial year signaled the end of a term highlighted by many successes and new ways of doing things. The 2017/18 year has also been marked by unforeseen events which have challenged the organisation, most notably the museum closure and weather events.

The year saw us rounding off Council's 2016 priorities, facilitating a refresh of Rotorua's 2030 vision to set the direction (The Rotorua Way) for the next few years and conducting a refinement of our organisational structure to ensure what we do and how we do it remains aligned to the direction set and the needs and expectations of the community.

It has been a challenging year, largely driven by the museum closure, storm events and the transition of waste management services to wheelie bins and kerbside recycling.

Storm events late in the financial year meant the organisation eroded savings which would have offset higher-than-anticipated costs in the waste management area. While the new waste collection service has been a positive, many residents who had opted out of the previous service decided to opt in to the new service which contributed to increased costs.

Meanwhile, sustained growth in the district has presented new challenges for the organisation, requiring, for example, additional resourcing in the consenting area to deal with increased demand. More staff have also been required as a result of changes to national legislation for swimming pool fencing. Additional resources required in these two areas have been offset by an increase in revenues.

We spent more this year on capital than planned, largely due to favourable progress on the Library and Child Health Hub, prompting us to bring forward expenditure to continue construction progress, and the purchase of a museum storage facility Council had previously leased but which became available to purchase. Owning the facility will reduce costs in the longer term.

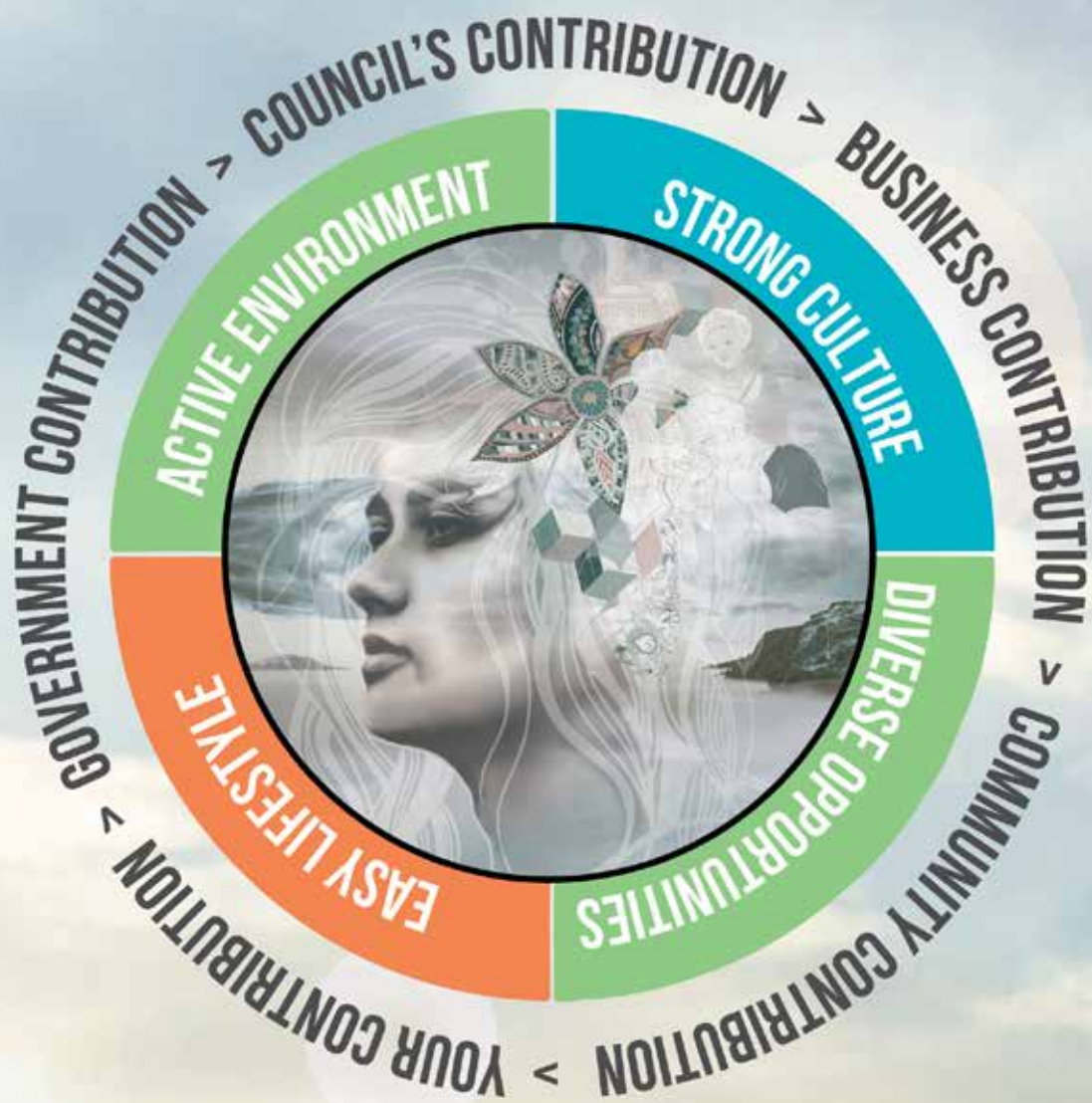
We had signaled no new borrowings for the financial year but the additional capital spend meant we did not achieve this and as at 30 June 2017 Council's debt level was \$169 million, up by \$4.6 million on the previous year. However, Council's debt levels remain conservative and the organisation retained its very good AA- rating from international credit rating firm Fitch during the year.

The closure of the city's museum due to damage following the Kaikoura earthquake of November 2016, hit the organisation hard, coming at the start of peak season with a record year predicted.

Weather events which pushed additional costs into the organisation also had an impact but have these challenges taken us backwards?

To answer this we need to go back to 2014 when Council commissioned PwC to review its financials which, at that time, were not in good shape. Getting back on track put huge strain on efficiency gains but saw Council emerge a sustainable organisation with the ability to respond to arising pressures.





Leap forward to today and Rotorua has gone from no growth to moderate growth. This brings new challenges and means we will need to work on strategies to plan and drive infrastructure, and to continue reviewing our services to look for smarter ways to deliver these, including investigating opportunities to partner with the private sector.

Our net cost of service has not changed but factors outside our control, such as extreme weather events and the impact of the museum closure, have driven unplanned costs and that is something we will need to consider as part of planning for the next Long-term Plan.

Geoff Williams

Geoff Williams
Chief Executive

Your council

Ngā māngai kaunihere



Hon Steve Chadwick JP
Mayor



Cr Dave Donaldson QSM
Deputy Mayor



Cr Peter Bentley



Cr Mark Gould JP



Cr Karen Hunt



Cr Rob Kent



Cr Rajmesh Kumar



Cr Trevor Maxwell MNZM
Cultural Ambassador



Cr Merepeka Raukawa-Tait



Cr Charles Sturt



Cr Tania Tapsell

Community boards

Lakes Community Board



Phill Thomass
Chair



Jim Stanton
Deputy Chair



Nick Chater



Fred Stevens



Or Tania Tapsell

Rural Community Board



Shirley Trumper
Chair



Chris Sutton
Deputy Chair



Bryce Heard



Bob Martin



Or Mark Gould JP

Māori contribution to decision making

Nāku te rourou, nāu te rourou

Rotorua Lakes Council has in place a range of mechanisms which collectively provide opportunities for Māori to contribute to council decision-making processes, giving effect to schedule 10, section 35 of the Local Government Act 2002.

Te Tatau o Te Arawa

Te Tatau o Te Arawa is the board which represents the collective interests of Te Arawa under the Te Arawa partnership agreement with Rotorua Lakes Council.

The board of trustees comprises 14 members, representative of a cross section of Te Arawa stakeholders including koeke (elders), Ngati Whakauae, Te Arawa iwi and hapu, land trusts and incorporations, pan-Te Arawa entities and rangatahi (youth).

Te Tatau o Te Arawa was established in 2015, following an 18-month process. Te Arawa (voting age members registered on the Te Arawa Lakes Trust register at the time) elected a board of 14 to represent Te Arawa's collective interests and guide the partnership.

The partnership agreement embodies the intention of Te Arawa and Rotorua Lakes Council to establish an enduring relationship which creates a future that benefits the community as a whole.

Te Arawa and Council committed to the following goals:

- provide a framework to work together towards improving Rotorua;
- provide mechanisms and resources that help Te Arawa to participate in Council policy, planning and other decision-making processes;
- facilitate the sharing of information to build better understanding that enhances collaboration and strategic thinking about Rotorua's future;

Assist Te Tatau to:

- Achieve a Te Arawa 2030 Vision,
- support the council to grow its capacity and capability to effectively and meaningfully engage with Te Arawa hapu and iwi,

- Realise opportunities (that arise from time to time) that both parties agree are mutually beneficial,
- assist Council with its decision-making and other processes, exercise of functions, and exercise of powers by meeting five objectives:
- help Council meet its Rotorua 2030 commitment to effectively partner with Te Arawa;
- improve the delivery of Council's legal and statutory obligations to Maori;
- strengthen Te Arawa's participation in Council decision-making;
- identify strategic opportunities to work closely together for the betterment of the Rotorua district;
- build iwi capacity and capability to partner with local government.

Te Tatau o Te Arawa board Board Members

Te Taru White - Chairperson

Ngaroma (Mala) Grant - Deputy Chairperson

Eugene Berryman-Kamp

Potaua Biasiny-Tule

David (Rawiri) Waru

Kingi Biddle

Eraia Kiel

Raina Meha-Rangitauira

Gina Mohi Ana Morrison Geoffrey Rolleston

Te Mauri Tait Kingi – Rangatahi

Ngahuia Hona-Paku - Rangatahi

Dr Ken Kennedy - Te Pukenga Koeke Representative

Te Tatau O Te Arawa



Te Taru White
Chair



Ngaroma (Mala) Grant
Deputy Chair



Eugene Berryman-Kamp



Potaua Biasiny-Tule



Kingi Biddle



Ngahuia Hona-Paku
Rangatahi



Dr Ken Kennedy
**Te Pukenga Koeke
Representative**



Eraia Kiel



Raina Meha-Rangitauira



Gina Mohi



Ana Morrison



Geoffrey Rolleston



Te Mauri Tait Kingi
Rangatahi



David (Rawiri) Waru



Jude Pani
Executive Officer

Other mechanisms providing Māori input into council decision-making include Te Pukenga Koeke o te Whare Taonga o Te Arawa, a group of Te Arawa kaumatua supporting Rotorua Museum decisions; Ngati Whakaue Gifted Reserves Protocol which provides input into decisions or changes to the status of gifted reserves; and the Kauae Cemetery Committee which advises on operations, policies and procedures for the Kauae Cemetery.

The Pukaki ki Rotorua Charitable Trust ensures the safe-keeping, conservation and maintenance of the taonga Pukaki; and the Waka Taua Trust has the same purpose, for the historic Te Arawa Waka Taua and shelter at the Lakefront.

The council has a number of individually tailored memoranda of understanding in place with various hapu of the district.

Rotorua's Progress | A new way of working

Ngā Whakahaerenga

THE GOALS:



PAPA WHAKATIPU
Outstanding places to play



WAAHI PŪMANAWA
Vibrant city heart



HE HĀPORI PŪMANAWA
A resilient community



KĀINGA NOHO, KĀINGA HAUMARU
Homes that match needs



WHAKAWHANAKE PĀKIHI
Business innovation and prosperity



HE HUARAHĪ HOU
Employment choices



TIAKINA TO TAIAO
Enhanced environment

What are the priorities underpinning the 2030 goals?

1. Sustainable infrastructure and affordable, effective council services
2. Develop our economic base by growing existing and attracting new businesses to our region
3. Support reinvigorated neighbourhoods and the creation of healthy homes
4. Develop a vibrant city heart that attracts people and activity

The 2016/17 year was about rounding off the 2016 priorities and undertaking a refresh Rotorua's 2030 vision.

Council continues its commitment to working differently. This is an important driver on the journey towards 2030 and our organisational focus is reflected in Council's long-term and annual plans.

We have a committed focus on:

- Supporting community leadership of new strategies and projects;
- Growing our partnership with Te Arawa;
- Working innovatively, outside traditional delivery mechanisms, to drive more cost effective and more efficient services;
- Ensuring all work programmes align with the district's ambitions;
- Shaping our council to be effective and responsive.

Sustainable infrastructure and affordable, effective council services

Mahinga: Kia Tika Te Mahi Kaunihera

New Waste Management Strategy and Kerbside Service

July saw implementation of changes at the recycling centre as part of the Council's new Waste Management Strategy. The changes included the introduction of user pays charges for some e-waste items and for de-gassing of fridges, freezers and gas cylinders, to cover the cost of these services. The new waste management services aim to reduce waste going to landfill, increase recycling, reduce costs and improve safety.

Smart Environmental was contracted to provide kerbside rubbish and recycling collection and litter services with Waste Management contracted to operate the district's landfill.

The new system provides more convenient and effective residential and business collection services and the 2017 NRB survey indicates 94% community support.

The new system has increased the amount of recovered material for recycling by at least 50%, is more efficient and meets higher health and safety standards for workers involved.

Waipa carpark upgrade

Work to upgrade Rotorua's mountain bike carpark at Waipa was completed in the financial year. The carpark received a full upgrade including new seal, kerbing and landscaping.

In response to community requests for investment in this popular recreation area, Council committed to a 10-year revitalisation plan for Waipa in the 2015-25 Long-term Plan, allocating \$1.08 million for this, which will also support mountain biking and hospitality developments planned by Red Stag.

Transport Corridors

Council worked with the New Zealand Transport Agency (NZTA) to remove the Rotorua Eastern Arterial designation on the Eastern Corridor and agreed to a set of ongoing investment to improve, and increase the capacity of, Te-Ngae Rd. Planning for Rotorua's Central Corridor – which includes reverting Amohau from a state highway to local road designation – is also underway and will align with work to revitalize the central city.

Planned NZTA investment includes: \$11m for Amohau St during the 2017/18/19 years. During the same period improvements will also occur at the intersections of Sala St/Te Ngae Rd and Tarawera/Te Ngae roads (about \$12m) with walking/cycling improvements to be progressed from Brent Rd to Old Taupo Rd (between \$3-4m).

The NZTA Decision Making Team has agreed to start planning the design for four-laning of Te Ngae Rd from Iles Rd to the airport. Funding assistance has also been offered to Council to contribute towards transport planning related to Council's spatial plan work for the area north of Te Ngae Rd and the lakefront (Ngapuna to the airport).

Further investigation works have started on the city's Western Corridor with a key objective being to improve efficiency of the Ngongotaha roundabout, possibly by constructing a slip lane to reduce traffic congestion extending into Ngongotaha Village.

Safety of water supply

Following contamination of, and subsequent inquiry into, the Havelock North water supply Council has reviewed its own supply network.

All Rotorua Lakes Council supplies are chlorinated, providing protection from bacteria (including campylobacter and E.coli) and viruses at the treatment plant and throughout the network. All supplies (except Mamaku), have ultraviolet (UV) light disinfection, providing protection from bacteria and protozoa (including cryptosporidium and giardia) at the treatment plant.



Until late 2016, both bores at Mamaku were believed to be secure from any risk of surface contamination and therefore, not requiring UV. However, to further protect our water supplies design work has been completed and a new UV treatment plant is planned for 2017/18.

Kuirau Park improvements continued

The redevelopment of Kuirau Park is a key project in council's 2015-25 Long-term Plan with the goal to improve and encourage greater use of this premium open space.



Work so far has included:

- Shared footpath constructed from Ranolf Street to Lake Road;
- Removal of vegetation to improve visibility and new chip path to better connect the inner city to the Aquatic Centre, and provide access to more parking for Saturday morning markets;
- Boulevard Gardens created, featuring a New Zealand native garden, an interactive scent garden, a hosta garden for spring and summer and climbing gardens with vertical structures;
- Facilities like picnic tables and seating added along the boulevard;
- Stone sculptures installed around the gardens; and
- Refurbished covered foot pools (one completed).

Develop a vibrant city heart that attracts people and activity

Mahinga: Whakapuawai I te waenganui taone

Te Manawa Stage 2

In 2016 construction began, removing structures within City Focus, recladding pillars and adding lighting. The Hinemoa and Tutanekai sculptures were removed to be refurbished by original artist Albert Te Pou. and Ngati Whakaue, as mana whenua, gifted a name for the area, Te Manawa, meaning 'The Heart', reflecting its location as well as the cultural heritage of Hinemoa and Tutanekai.

Te Manawa will be a shared space that accommodates pedestrians, cars, bikers and other users. The open spaces and clear sight lines between shops and streets aim to encourage more foot traffic and the addition of 50% more open space will allow for events and activities as well as inviting people to just sit and relax.

Library Relocation and New Library and Child Health Hub

The Library has been temporarily re-located to the corner of Pukuatua and Amohia streets while work is underway on seismic strengthening and refurbishment of the Haupapa Street building. The project is expected to be completed by November 2017, along with redevelopment of the extended Jean Batten Square.

The proposal to co-locate library services and child health support services is a collaboration between Rotorua Lakes Council and Lakes District Health Board (DHB).

The vision is to create a shared community facility in the centrally-located library building.

Council needed to make improvements to the building and the DHB wanted to establish a child health centre that would be easily accessible and welcoming for families.

The two organisations saw an opportunity to combine the two and create a unique, shared facility. The DHB services will be post-treatment health and support services aimed at keeping children well rather than being a facility parents take sick children.

NEW LIBRARY AND CHILD HEALTH HUB:
THE CONCEPT WOULD CONTRIBUTE TO A NUMBER OF ROTORUA 2030 GOALS INCLUDING A VIBRANT CITY HEART, RESILIENT COMMUNITIES, OUTSTANDING PLACES TO PLAY, BUSINESS INNOVATION, ENHANCED ENVIRONMENT AND EMPLOYMENT OPPORTUNITIES.



iSite work progressing

Earthquake strengthening and refurbishment of the iSite moved to the tower end of the Fenton Street building, once Rotorua's post office. The historic clock and its chimes were stopped while the work was underway, to be reinstated on completion.

A major part of the history of the building, the mechanical clockwork has been in place since approximately 1903 and the bells were reinstated in 2014 following several decades of silence.

New farmers market added to Rotorua's weekends

A new Sunday market showcasing local produce was launched in Rotorua during the year, building on the success of the city's other markets.

Launched in October 2016 during the city's Tulip Festival, the Rotorua Farmers Market has a different focus to existing weekend markets with a distinctly Rotorua flavour, highlighting locally grown produce and pantry items, demonstrating the concept of manaakitanga (hospitality and sharing).

It also provides a platform for new business or business growth in a welcoming environment and is seen as a way to extend visitors' stay in Rotorua.

The weekly Sunday market is held in the heart of the inner city, Te Manawa (formerly City Focus), with entertainment, food-related demonstrations and children's stalls adding further interest.

The stalls are locally made wooden carts constructed from locally sourced timber and sustainability is a focus of the market with a goal to become waste-free.

Affordable stallholder fees provide income that contributes to set-up and ongoing operating costs, with initial costs coming out of the Inner City Revitalisation budget allocated in the council's 2015-25 Long-term Plan. The expectation is that the market will become self-funding and will break even within four years.

Dementia-friendly Rotorua

A Dementia-friendly steering group was established to support successful community events such as a Dementia-friendly Xmas carol service, raising community awareness with children, public transport providers and businesses.

The **Affinity** light sculpture installed in Te Manawa during April was also part of the wider dementia-friendly Rotorua initiative, featuring locals' stories and with 60 volunteers giving up their time to be ambassadors over three-week period. About 8000 people visited the interactive installation.

Public Art Safari

In July our new public art brochure featuring 60 different public art pieces hit stands at the city's iSites, Arts Village, Civic Centre and Rotorua Museum.

As part of Rotorua's journey of rejuvenation and discovery, public art plays a key role in bringing life and vibrancy into the central city. Featured artworks take many different forms and the arts trail runs from Kuirau Park along the Green Corridor to the Government Gardens and around Sulphur Point.

Develop our economic base by growing existing and attracting new businesses to our region

Mahinga: Whakapuawai pakihi hei whāriki pūtea mā te takiwā

Crankworx signs 10-year deal with Rotorua

The Canadian owners of the Crankworx mountain bike festival signed an ongoing contract to deliver this event in Rotorua for another 10 years, the first such deal negotiated for the festival, which has generated more than \$16 million over three years and achieved its first surplus in 2017.

Crankworx week has become the busiest period of the year for some of Rotorua's businesses.

The festival has been a big hit in Rotorua to date, largely due to the passion of the dedicated group of people who have run with it and poured all their efforts into ensuring its success.

Worldwide exposure of the festival – and as a result Rotorua and New Zealand – has been substantial and has continued to grow.

Love Life. Live Rotorua

Convincing Aucklanders to abandon the rat-race, embrace work-life balance and relocate to Rotorua are the key objectives of a Destination Rotorua campaign launched during the 2016/17 year.

The Love Life, Live Rotorua campaign is designed to showcase the district's lifestyle, work and education opportunities, free from major traffic congestion, with lower house prices and a great work-life balance.

The campaign was designed to both support and be separate from the well established Famously Rotorua campaign and will continue to help change perceptions about Rotorua and put the district on the table as a genuine option for relocation.

Easter Sunday Trading

Rotorua retailers now have the option of opening for business on Easter Sunday.

Introduced in time for Easter 2017, the local Easter Sunday Shop Trading Policy enables retailers throughout the district to trade on Easter Sunday if they wish to do so.

Rotorua Airport Upgrade

In 2016/17 Rotorua Airport started a capital expenditure programme which will see a significant upgrade to the terminal and the fire station. The rebuilds will ensure the airport meets current building, health and safety and airport requirements, including earthquake strengthening regulations and positioning the operation for the future.

Funds for the programme are budgeted over four years and the airport company will run both projects simultaneously to make the project more cost-effective and efficient.

The rebuilds support an increase in passenger numbers with domestic passenger numbers up 8.5 percent for the first seven months of the 2016/17 financial year. The Auckland route has led the way with passenger growth of 33.5 percent.

Rotorua Housing Accord

The Rotorua Housing Accord is an agreement between the Minister for Building and Construction and Rotorua Lakes Council to work together to address housing supply and affordability issues in the district. It will provide access to legislation which will enable fast-tracking of consenting and zoning processes where appropriate.

During the past few years the Rotorua district has seen positive economic progress and current indicators point to continued growth and investment. The local economy is performing above the national average, unemployment is dropping, and sectors like tourism, forestry and retail and hospitality are thriving.

The accord aims to:

- Ensure sufficient land is available to meet demand and is supported by actions to bring sections to market;
- Ensure affordable and social housing is available to meet the needs of iwi and the wider community;
- Ensure partnerships and investment opportunities are identified to support strategic objectives and the transformation of the local economy;
- Encourage housing development in key suburban communities.



**THE LOCAL ECONOMY
IS PERFORMING ABOVE
THE NATIONAL AVERAGE...**

Council wins again at LGNZ Excellence Awards

For the second year running Rotorua Lakes Council won the judges' choice award at the Local Government New Zealand EXCELLENCE Awards, this year for the district's mountain bike strategy.

The aim of the strategy is to turn Rotorua into a globally recognised destination for mountain bikers and it was a finalist and highly commended in the Best Practice Contribution to Local Economic Development category.

The Martin Jenkins Judges' Choice Award for Outstanding Value and Service Delivery is a special award given to a finalist for "outstanding delivery of best practice value and services to their community".

Now in their fourth year, the LGNZ EXCELLENCE Awards recognise and celebrate the leadership role local government plays in communities.



**...UNEMPLOYMENT IS DROPPING
AND SECTORS LIKE TOURISM, FORESTRY
AND RETAIL AND HOSPITALITY ARE THRIVING**

Support reinvigorated neighbourhoods and the creation of healthy homes

Mahinga: Whakapuawai hāpori

Eco-design Home Performance Advisor Service

A new joint venture between Rotorua Lakes Council and Bay of Plenty Regional Council saw the development of a new independent advice service provided by Sustainability Options.

During the first three months of operating, families in more than 200 homes benefited from an assessment and independent advice to improve the quality of their homes, with a strong initial focus on creating warm, dry homes.

Warm welcome for new Rotorua residents

The Sustainable Living Portfolio group, together with council's Customer Services team, have developed an information pack to welcome new residents to Rotorua.

The purpose of the pack is to help individuals and families settle in to Rotorua by providing useful information that will help them connect with their neighbours and wider community.

The pack includes a reusable shopping bag, a detailed town map including contact details for health care providers and youth-based activities and key information about Civil Defence, council services and Neighbourhood Support.

Neighbourhood Matching Fund invaluable for local groups

Community groups and neighbourhoods in Rotorua can apply to Rotorua Lakes Council fund for grants to help fund projects within their communities with grants needing to be matched by funding or through resourcing contributed by those who benefit.

The purpose of the fund is to build resilient communities, neighbourhoods and whanau/families by financially supporting self-help projects.

Projects funded have included community clean-ups and plantings, community gardens, community and/or youth events and marae upgrades.

Garden boxes a win-win for students and senior citizens

This pilot saw local high school students build and install planter boxes at Council-owned pensioner flats, a great opportunity for some of our gifted growers who live at pensioner complexes to share their knowledge.

The initiative was a way to encourage intergenerational relationships between future leaders and senior mentors. It also promoted recycling through repurposing of old materials.

East Rotoiti/Rotoma – Sewerage Services

Council committed through its long-term plan to a sewerage reticulation scheme for East Rotoiti and Rotomā, a project which will contribute to the Rotorua Te Arawa Lakes Programme to improve lakes water quality.

Council has been working alongside a community-led project steering committee since 2013 to engage with the affected communities and develop a preferred option, taking cultural values and community expectations into account. The scheme will treat wastewater to a very high standard before being discharged to land.

Active Transport – Cyway programme

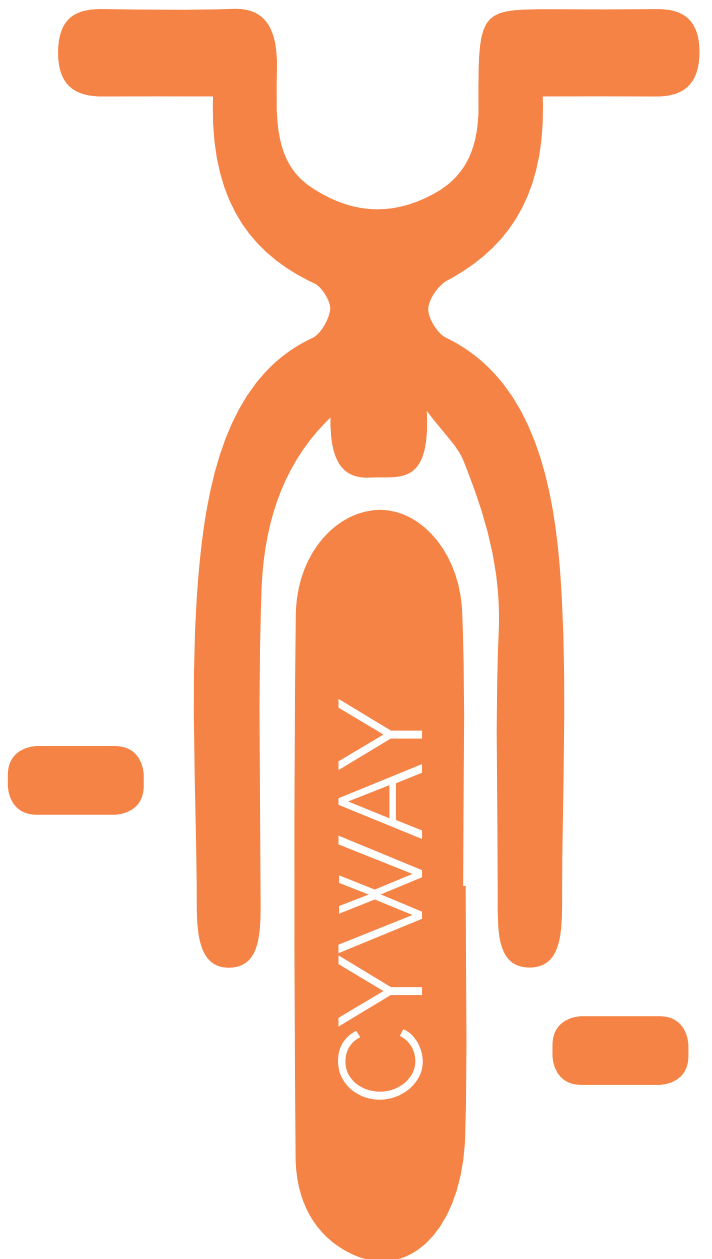
Significant progress has been made within the Cyway (Rotorua Urban Cycle) Programme with early indications of significantly higher numbers of children now biking to and from schools where cycling facilities have been established.

The long-term goal is to establish a connected urban network to provide safe cycling corridors to encourage more people to take up biking as a sustainable, enjoyable mode of transport.

Council is now developing a plan with NZTA for further forward funding beyond the 2017/18 year and projects to augment the main biking corridors and improve links to schools and major population centres.

Netball Courts

The first stage of a project to redevelop Rotorua's netball complex at Westbrook, including redevelopment of embankments and re-sealing of courts was completed during the year with the second stage to be completed in the next financial year. Work was also started to improve rugby fields in the wider Westbrook sporting precinct and further improvements to sports facilities in the area will occur in the 2017/18 year. The improvements are part of longer term plans to lift the quality of sport and recreational infrastructure and facilities across the district.







Service performance

Report on performance measures and resident satisfaction

Background

Within a long term plan, the level of service that the council will deliver is agreed upon by the council in consultation with the public. The Local Government Act stipulates that local authorities are required to report on how well they are performing in delivering these levels of service to their communities as measured by the Key Performance Indicators (KPIs). In the 2015-25 long term plan there were 77 KPIs that were agreed upon, of which 23 are mandatory KPIs from section 261B of the Act. Because Grow Rotorua and Destination Rotorua are now part of Rotorua Economic Development, their two KPIs have been combined into one KPI for Rotorua Economic Development. For this financial year 76 KPIs have been reported on.

This report presents the audited position of how the council (and community) achieved the KPIs and ultimately the levels of service during the financial year. Of the 76 KPIs, 74 of them have been measured during the financial year.

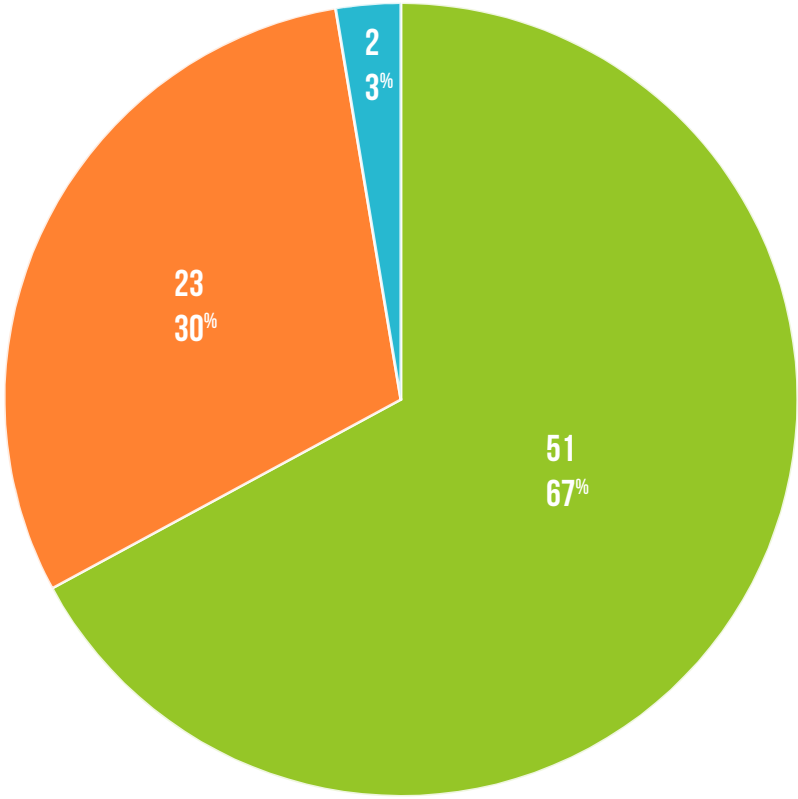
The audited result for the full financial year is that a total of 51 KPIs measures have been achieved (67%) and 23 were not achieved (30%), with 2 KPIs not measured (3%). Overall this is comparable to last financial year's results with 70% of KPIs achieved and 29% not achieved.

The following high level observations can be made for the activity areas:

- The closure of the museum and the temporary closure of the learner's pool at the aquatic centre have impacted on the achievement of the KPIs within these respective areas.
- Volume pressures within the consenting team have impacted on the timeliness of consents issued.
- Although the satisfaction from the NRB survey around the communication of information and the feeling of being able to participate in council decisions has decreased slightly, there has not been a corresponding increase in the responses of dissatisfaction, but more respondent stating a neutral response or unsure. With the new engagement tool "Let's Talk | Kōrero mai" it is expected that the satisfaction with these measures should start to increase.
- Waste management's achievements are slightly better than last financial year's results and with the new recycling service and future plans within this area, it is expected that progress will continue to be made. From the NRB survey the use of recycling facilities has increased from 80% four years ago to 92% now and also during this time satisfaction has increased from 69% to 79%.

Summary Dashboard

Performance targets summary



■ ACHIEVED

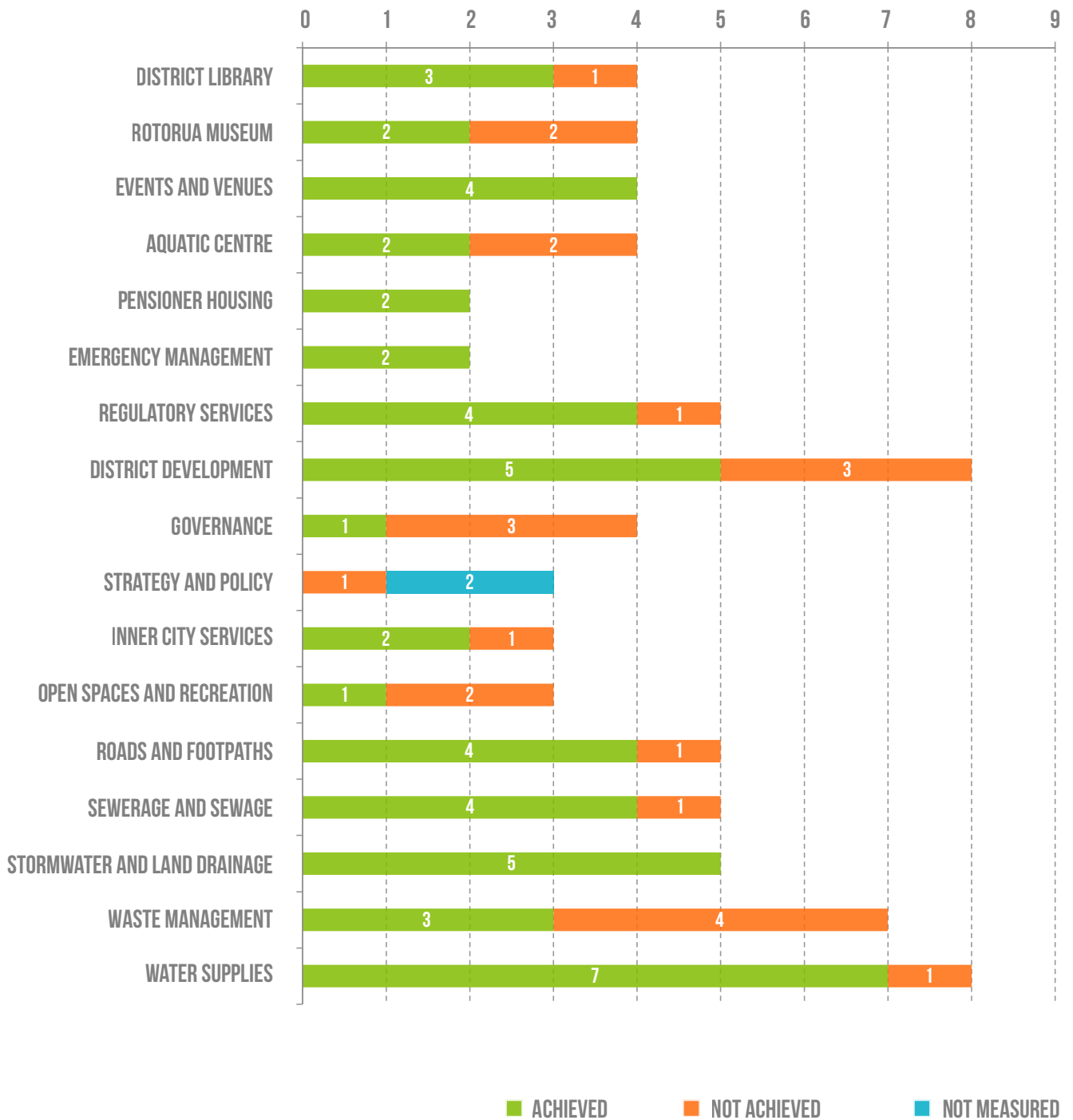
■ NOT ACHIEVED

■ NOT MEASURED



Summary Dashboard

Key performance targets by activity area



Financial summary:

Income, financial position and cashflow

Statement of comprehensive income for the year ended 30 June:

	2017 \$000	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
General rates	49,726	48,462	45,301	43,188	43,166	35,023
Targeted rates	32,505	32,101	28,141	28,277	28,155	36,751
Other services	29,226	30,800	29,233	32,507	36,528	49,774
Non operating adjustments	0	0	0	0	0	0
Total revenue	111,456	111,363	102,675	103,972	107,849	121,548
Personnel Costs	25,485	27,490	33,122	35,911	34,112	33,570
Other Operating Expenses	58,280	51,012	41,054	43,136	41,356	41,923
Losses on Disposal & Impairments	3,416	3,872	9,211	2,914	5,301	1,656
Depreciation	23,732	25,057	26,448	27,431	30,103	28,282
Finance Costs	7,363	8,322	8,826	8,231	8,181	9,016
Non operating expenditure	0	0	0	0	0	10,504
Taxation	0	0	0	0	0	0
Total expenditure	118,276	115,753	118,661	117,623	119,053	124,951
Net Surplus	(6,820)	(4,390)	(15,986)	(13,651)	(11,204)	(3,403)

Statement of financial position for the year ended 30 June:

	2017 \$000	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
Current assets	22,666	21,512	62,969	15,840	16,217	23,467
Current liabilities	60,031	50,139	70,055	58,244	69,453	71,603
Working capital	(37,365)	(28,627)	(7,086)	(42,404)	(53,236)	(48,136)
Non current liabilities	139,286	141,074	122,194	137,282	123,047	112,202
Non current assets	1,199,635	1,144,898	1,108,030	1,157,223	1,138,096	1,034,954
	1,022,984	975,197	978,750	977,537	961,813	874,616
Equity:						
Accumulated funds	717,660	723,322	729,554	740,644	853,903	853,102
Reserves	305,324	251,874	249,196	236,893	107,910	21,514
Net Surplus	1,022,984	975,196	978,750	977,537	961,813	874,616

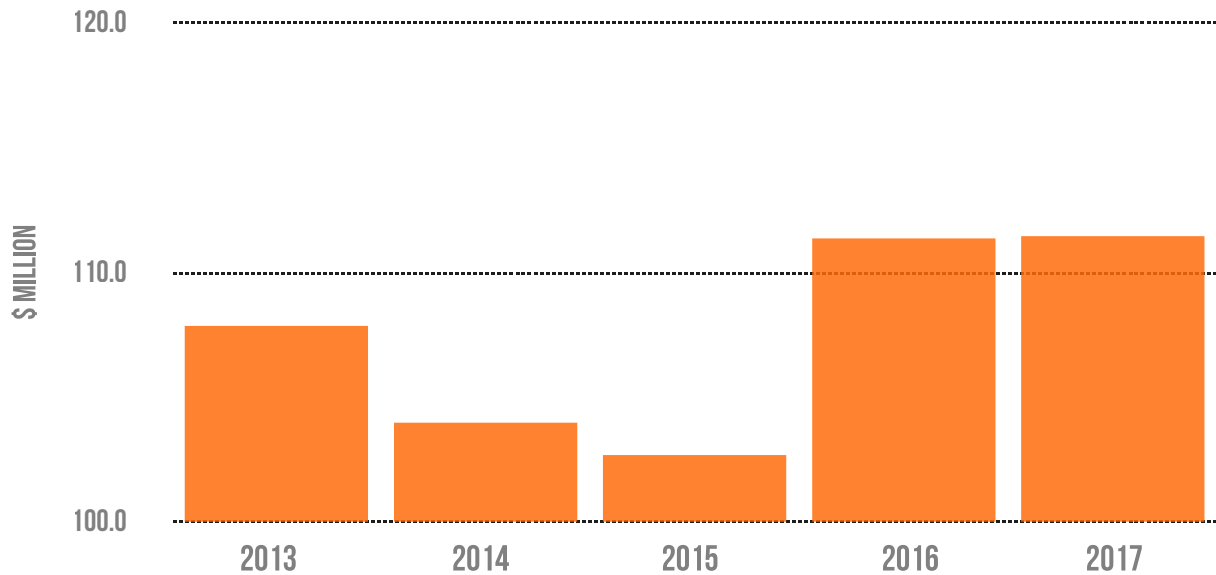
Statement of cash flow for the year ended 30 June:

	2017 \$000	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
Net Cash from Operating Activities	20,814	21,760	14,059	20,832	32,987	18,747
Net Cash from Investing Activities	(32,542)	(15,374)	(12,312)	(26,491)	(40,582)	(36,547)
Net Cash from Financing Activities	4,650	(3,400)	(1,175)	10,325	7,375	16,909
Net (decrease)/increase in cash, cash equivalents and bank overdraft	(7,078)	2,986	572	4,666	(220)	(891)
Cash, cash equivalents and bank overdrafts at the beginning of the year	8,887	5,901	5,329	663	883	1,774
Cash, cash equivalents and bank overdrafts at the end of the year	1,808	8,887	5,901	5,329	663	883

Financial summary:

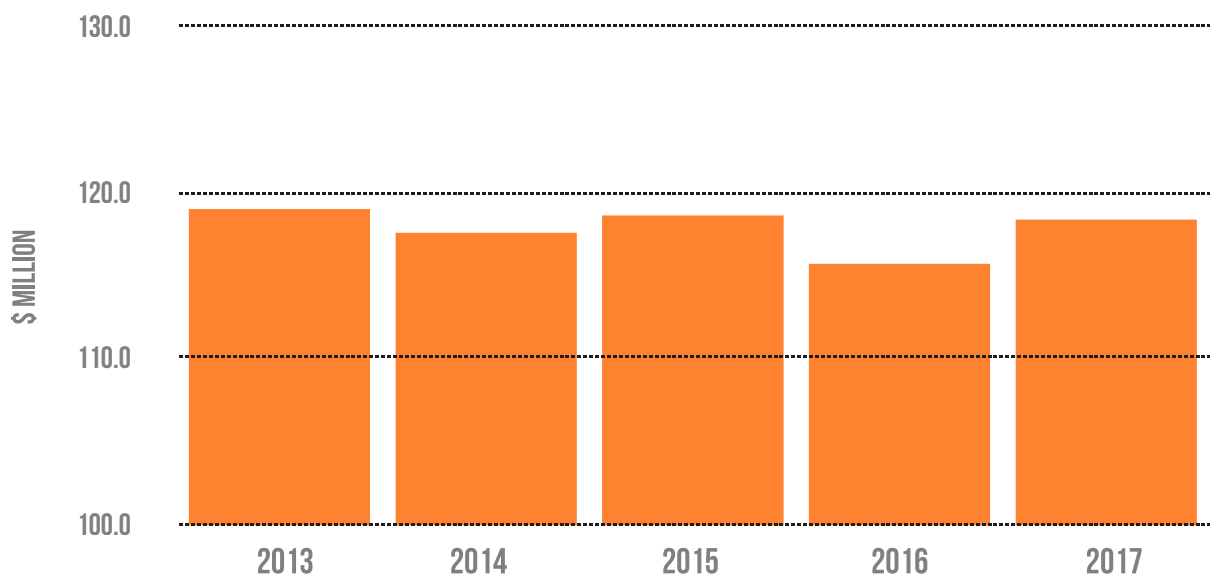
Revenue and expenses

TOTAL COUNCIL REVENUE



Total revenue has increased only slightly from prior year due to impact of the closure of the Museum, closure of the pools due to maintenance, and reduction in landfill fees due to changes in contract. These have been offset by funding received for some large projects and storm damage subsidy.

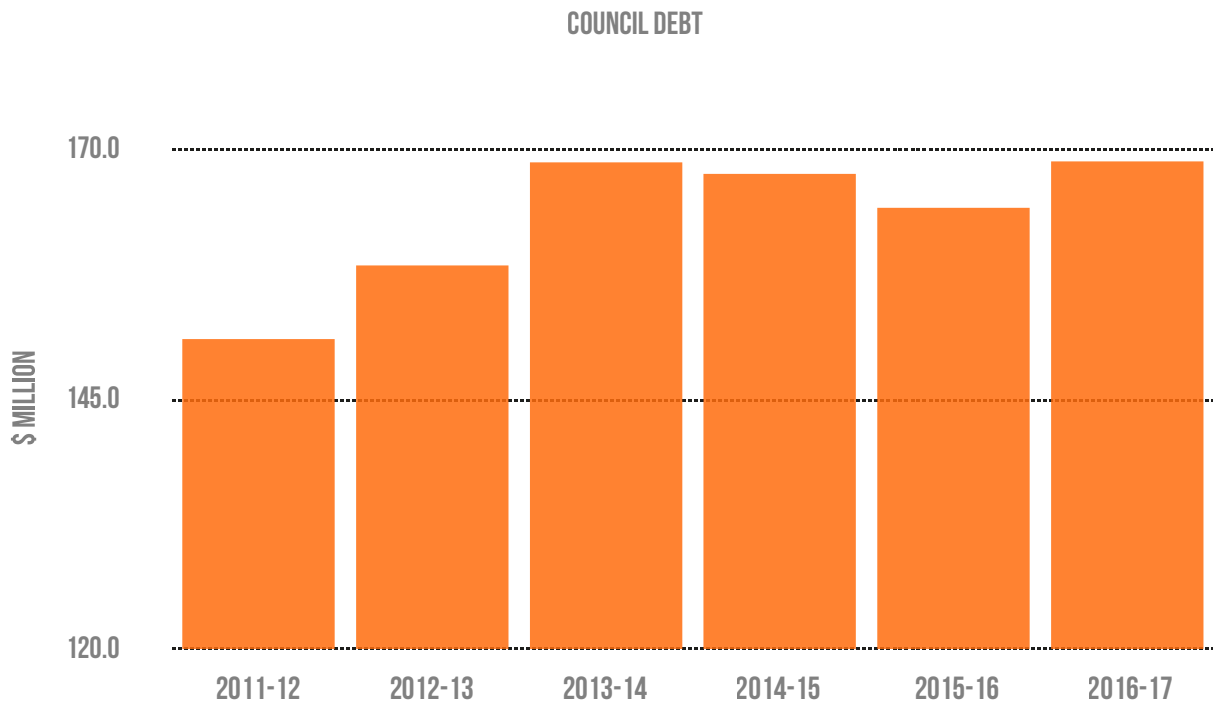
TOTAL COUNCIL EXPENSES



Total expenses have increased from prior year. This is largely due to refuse collection, and the non-cash write downs of fixed assets (eg Terax).

Financial summary:

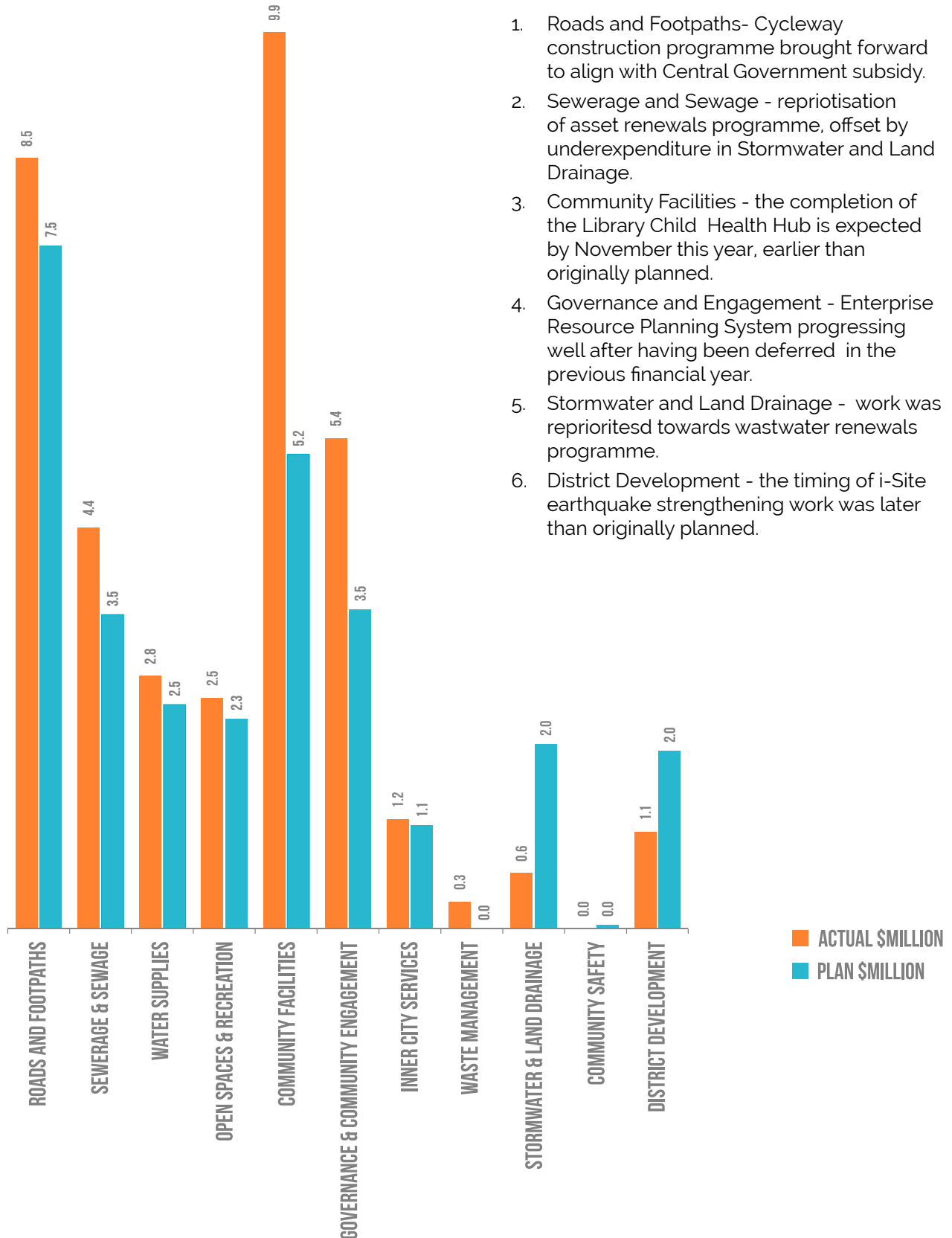
Total council debt



Total debt increased over the prior year while a number of capital projects were progressed.

Capital expenditure 2016-2017:

Actual vs plan (\$million)



Major Variances:

1. Roads and Footpaths- Cycleway construction programme brought forward to align with Central Government subsidy.
2. Sewerage and Sewage - re-prioritisation of asset renewals programme, offset by underexpenditure in Stormwater and Land Drainage.
3. Community Facilities - the completion of the Library Child Health Hub is expected by November this year, earlier than originally planned.
4. Governance and Engagement - Enterprise Resource Planning System progressing well after having been deferred in the previous financial year.
5. Stormwater and Land Drainage - work was re-prioritised towards wastewater renewals programme.
6. District Development - the timing of i-Site earthquake strengthening work was later than originally planned.



690

NUMBER OF ATTENDEES
COMPLETING READING
OR COMPUTER LITERACY
MODULES PER ANNUM

Community Infrastructure



What we do

District Library

The District Library takes care of and connects our people to information to encourage personal development and community participation. This includes:

- collections/lending services
- website
- a mobile library service
- provision of internet access to the public
- programmes, displays and exhibitions

Rotorua Museum

The Rotorua Museum keeps the important stories of our place and its people alive in an up-to-date and relevant way. This is done through the delivery of permanent exhibitions. In addition, the museum delivers a dynamic and active programme of public lectures, films, tours, and children's activities, enabling people to explore the art and cultures of Rotorua, New Zealand and other countries.

Venues

A variety of venues provides for a range of uses including:

- Local amateur and professional performance
- Cultural activity performance
- Sports and recreation
- Conference and incentive activities
- Social functions
- Touring and visiting professional performances

The venues:

- International Stadium
- Energy Events Centre
- Te Runanga Tearooms
- Sir Howard Morrison Performing Arts Centre

Aquatic Centre

The Aquatic Centre caters for local, regional and national aquatic sports, and provides recreational, health, fitness and leisure programmes and services and learn-to-swim programmes for all ages, some in collaboration with swim clubs and schools. Sporting and physical activity opportunities include recreational programmes such as aqua jogging, water safety and school holiday programmes, access to swim squads and water sports such as water polo.

Community halls

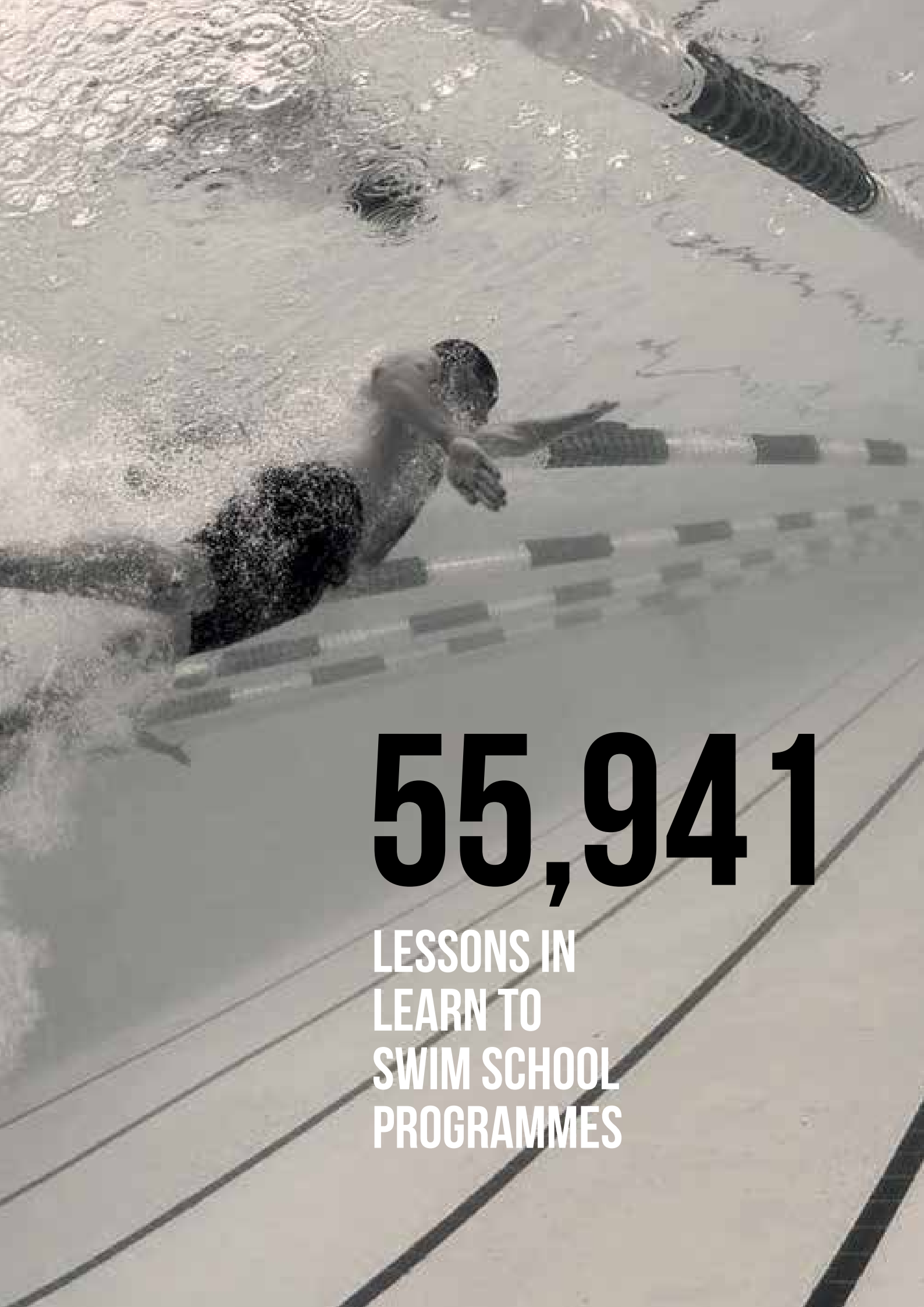
Council takes care of 9 community halls throughout the district, mainly in rural communities, which provide for local community meetings, functions and events.

How does this affect you?

We're involved in arts and culture to enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds, and promote creative vibrancy within the district.

We also provide Pensioner Housing

Council provides 152 pensioner housing units in 5 locations around the city for people aged 55 and over with limited assets and income. These provide permanent, rather than emergency or social, housing and are in high demand although turnover is low.



55,941

**LESSONS IN
LEARN TO
SWIM SCHOOL
PROGRAMMES**



Funding Impact Statement for 2016/2017 for Community Infrastructure

COMMUNITY INFRASTRUCTURE	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	10,696	11,817	11,312
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	276	276	831
Fees and charges	1,535	1,589	979
Internal charges and overhead recovered	93	96	79
Local Authorities, fuel tax, fines, infringements fees and other receipts	4,776	4,943	3,731
Total operating funding (A)	17,376	18,721	16,931
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	12,251	12,590	13,246
Finance Cost	999	1,049	906
Internal charges and overheads applied	2,381	2,449	2,229
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,631	16,088	16,381
Surplus (deficit) of operating funding (A-B)	1,745	2,633	551
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	1,403	-	2,482
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,403	-	2,482
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,295	33	6,817
- to replace existing assets	2,988	3,720	3,036
Increase (decrease) in reserves	(1,135)	(1,120)	(6,821)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,148	2,633	3,032
Surplus (deficit) of capital funding (C-D)	(1,745)	(2,633)	(551)
Funding balance ((A-B)+(C-D))	-	-	-

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

District Library

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Library readily accessible to residents and visitors for the purpose of information gathering, education and recreation.				
 Total number of people making use of the physical library facilities both permanent and mobile.	352,188	≥305,000	336,907	A
Percentage of residents very/fairly satisfied with the overall services offered by the library.	73%	≥75%	71%	NA
Provide a range of programmes that contribute to the education of those attending.				
 Number of attendees completing reading or computer literacy modules per annum.	516	≥380	690	A
Satisfaction with quality and relevance of programmes run by the library.	100%	≥85%	96%	A

Total number of people making use of the physical library facilities both permanent and mobile: The library has been in temporary premises for the majority of the year which has impacted slightly on use. Overall the number of people using the library facilities was 10% ahead of target.

Percentage of residents very/fairly satisfied with the overall services offered by the library: The small decline in Resident satisfaction levels may be a reflection of being in a smaller temporary space, or uncertainty about the future shape of the library.



Number of attendees completing reading or computer literacy modules per annum: The strong performance in this area can in large part be attributed to the very successful Digital Literacy Orientation Programme Pilot that we provide at Rotorua Girls High.

Satisfaction with quality and relevance of programmes run by the library: The satisfaction rating for people attending computer classes was 100%. When combined with Te Waka Pounamu and In-house Programming the average satisfaction rating of all programmes is 96%.



VISITOR EXPENDITURE FROM VISITORS ATTENDING E&V SUPPORTED MAJOR EVENTS = \$46.8M

Museum

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status	
Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.					
	Total number of visitors per year.	137,573	≥102,000	62,906	NA
	80% of local residents very/ fairly satisfied with the museum and its services.	82%	≥80%	59%	NA
Provide events and programmes that are relevant to the community.					
	Percentage of exhibitions that have relevance to the Rotorua community.	95%	≥80%	85%	A
	Participant satisfaction with events and programmes run by the museum.	92%	≥80%	98%	A



Total number of visitors per year: The closure of the museum building has meant that this KPI has not been able to be achieved during the financial year. The museum staff have been as proactive as possible in providing an alternative service with 22,706 visitors who have attended events/ exhibitions and educational services since the closure.

80% of local residents very/ fairly satisfied with the museum and its services: The overall satisfaction has decreased significantly as a direct result of the museum closure with over 90% of the feedback through the survey stating this as the reason for their dissatisfaction.

Percentage of exhibitions that have relevance to the Rotorua community: No exhibitions were held in the last quarter of the year due to the closure, but the museum did support other Rotorua exhibitions in different venues, Government house and the Smithsonian USA.

Participant satisfaction with events and programmes run by the museum: Our events have been well attended with high satisfaction particularly around Matariki.

Events and Venues

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status	
Encourage and promote a wide range of events and conferences with high levels of participation					
	Number of visitor nights resulting from visitors attending major events and multi-day business events.	130,061	≥110,600	139,736	A
	Visitor expenditure resulting from visitors attending E&V supported Major Events.	\$43.5m	≥\$40.8m	\$46.8m	A
Venues are provided and well used to support commercial and community based events					
	Community hire days of venues.	463	≥330	511	A
	% of available capacity utilised of all event venues.	62%	≥45%	80%	A



Number of visitor nights resulting from visitors attending major events and multi-day business events: Business Events delegates at EEC are 10% up on last year's figures.

Visitor expenditure resulting from visitors attending E&V supported Major Events: Visitor spending associated with Major Event participation is considerably higher than last year with increased attendance across events.

Community hire days of venues: 46.6% of total venue use for the year was filled by community based organisations.

% of available capacity utilised of all event venues: Across all three venues 80% utilisation was achieved over the last financial year. The SHMPAC utilisation was boosted by hosting the Da Vinci exhibition during summer months.

Aquatic Centre

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Provide a variety of fun accessible activities				
 Percentage of users very/fairly satisfied with the level of service.	88%	≥65%	73%	A
Number of visitors to the aquatic centre per year.	343,470	≥350,000	329,527	NA
Provide opportunities for children to become safe around water				
 Number of lessons in Learn to Swim School programmes per term.	11,693	≥10,500	13,985	A
Percentage of customers that repeat their enrolment each term.	71%	≥75%	68%	NA


Percentage of users very/fairly satisfied with the level of service: The community survey shows the age of the facility and few fun offerings has reduced overall satisfaction levels.

Number of visitors to the aquatic centre per year: Attendance finished 20,473 down on target, mainly due to 11 weeks when the learners pool was closed over October- December 2016 (8 weeks) and March 2017 (3 weeks).

Number of lessons in Learn to Swim School programmes per term: Exceeded target each term with a total of 55,941 lessons delivered over the year with 13,666 of these completed off-site as part of the "Making a Difference" programme.

Percentage of customers that repeat their enrolment each term: Although more students have been through the swim school programme this year, the number repeating their enrolling from term to term is slightly lower. The percentage of students re-enrolling has been adversely affected between Term 3 and Term 4 2016 by the learner pool closure. The percentage re-enrolling between these two terms was significantly lower at 60% re-enrolment compared to 70% for the other three terms.

Pensioner Housing

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Respond to the need to provide affordable/sustainable housing to the Rotorua's older people on low incomes that is maintained to a Habitable state				
 The percentage utilisation of all Pensioner houses throughout the year.	98%	≥95%	97%	A
100% of inspections are carried out on a 6-monthly basis.	Achieved	Achieved	Achieved	A

The percentage utilisation of all Pensioner houses throughout the year: There were 1,417 vacancy days from the 152 pensioner units during the financial year. There were four units at Rawhiti Flats that were fully renovated during the financial year and these account for a third of the total vacancy days.

100% of inspections are carried out on a 6-monthly basis: All 152 pensioner units have been inspected twice during the financial year.

Community safety



What we do

Emergency Management

We provide leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the district.

Regulatory services

This is a combination of services for animal control and inspection, both of which look after public safety, health and wellbeing.

How does this affect you?

We're involved in community safety to contribute towards building resilient communities by minimising the risks to public health, security and personal safety and by working together to keep our district safe.



**COUNCIL IS READY TO
RESPOND TO A CIVIL
DEFENCE EMERGENCY
AND IS ABLE TO
FUNCTION FOR AS LONG
AS REQUIRED DURING
AN EMERGENCY**

100%

**OF KNOWN DOGS
REGISTERED OR SERVED
WITH A NOTICE TO REGISTER
BY 30 JUNE ANNUALLY**





Funding Impact Statement for 2016/2017 for Community Safety

COMMUNITY SAFETY	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	1,364	1,369	1,443
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	10	10	140
Fees and charges	1,933	2,001	2,063
Internal charges and overhead recovered	-	-	12
Local Authorities, fuel tax, fines, infringements fees and other receipts	104	108	135
Total operating funding (A)	3,411	3,488	3,793
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,393	2,441	2,906
Finance Cost	-	-	-
Internal charges and overheads applied	1,018	1,047	1,067
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,411	3,488	3,973
Surplus (deficit) of operating funding (A-B)	-	-	(180)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	20	39	4
Increase (decrease) in reserves	(20)	(39)	(185)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	(180)
Surplus (deficit) of capital funding (C-D)	-	-	180
Funding balance ((A-B)+(C-D))	-	-	-

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

Emergency management

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
 <p>Council is ready to respond to a Civil Defence Emergency and is able to function for as long as required during an emergency</p> <p>Emergency Coordination Centre staff capability is developed as measured through the professional capability matrix.</p>	68%	≥68%	77%	A
 <p>Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas</p> <p>Percentage of rural fire forces trained and equipped.</p>	100%	≥95%	100%	A



Emergency Coordination Centre staff capability is developed as measured through the professional capability matrix: 77 of the 100 filled positions are fully formally trained. In addition the EOC resources comprise staff with full operational experience where this can and is able to be applied to the coordination of emergency responses. Recent events and natural disasters across New Zealand presented a significant challenge to organising additional formal training as the national CDEM resources were deployed to assist in these areas. We are now planning for further training of new recruits to complete and maintain our training cycle.

Percentage of rural fire forces trained and equipped: All 64 rural fire volunteers/staff hold all their relevant training to be able to respond. To be noted that as of 1 July 2017 the statutory responsibility for rural fire management has been transferred to the new FENZ.



ALL 64 RURAL FIRE VOLUNTEERS/STAFF HAVE THE RELEVANT TRAINING TO BE ABLE TO RESPOND

Regulatory services

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status	
Ensure district is provided with clean, safe and hygienic food premises, licensed liquor outlets, hairdressers and camping grounds					
	100% of all licensed premises in the very high or high risk category are inspected under the Liquor Licencing Act are monitored twice annually.	100%	100%	100%	A
	The percentage of known very high or high risk food premises (or relevant requirements under new food act) and other business covered under the health act, are monitored twice annually.	100%	100%	100%	A
	The maximum percentage of residents dissatisfied with noise control service.	13%	5%	7%	NA
Provide safe public places free from uncontrolled dogs and wandering stock					
	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	100%	100%	A
	100% of complaints about wandering stock responded to immediately.	100%	100%	100%	A

100% of all licensed premises in the very high or high risk category are inspected under the Liquor Licencing Act are monitored twice annually: 76 inspections were completed during the financial year. At the start of the financial year there were 37 high and very high risk premises with two inspections required on each. During the financial year two of these premises dropped down to medium risk after their initial inspection, and there were four additional follow-up inspections completed on premises where issues had been found.

The percentage of known very high or high risk food premises (or relevant requirements under new food act) and other business covered under the health act, are monitored twice annually: 86 out of 86 inspections completed, consisting of 43 high risk premises (risk factor based on type of food operations) with two inspections required on each during this financial year. The new Food Act and implementation of Food Control Plans has seen 31 of the original high risk premises move to medium risk under these new provisions.

The maximum percentage of residents dissatisfied with noise control service: Whilst the 5% target has not been achieved, there has been a 6% decrease in dissatisfaction from last year's figures, and given the historical sentiment to the Eastside noise issue this is a pleasing result. Within the survey the "very/fairly satisfied" response increased by 13% and puts us back to the 2013 rate of 81% satisfaction with the noise control service.

100% of known dogs registered or served with a notice to register by 30 June annually: 11,843 dogs were either registered or infringed from 11,613 dogs known at the commencement of this financial year.

100% of complaints about wandering stock responded to immediately: 260 out of 260 complaints received concerning wandering stock within our District were responded to immediately.

100%

OF ALL LICENSED
PREMISES

IN THE VERY HIGH OR HIGH RISK CATEGORY INSPECTED

ARE MONITORED
TWICE ANNUALLY



District Development



What we do

Economic development

We work with external agencies to develop and improve the local economy which includes initiatives being developed through the Sustainable Economic Growth Portfolio and the work of our council-controlled organisation Rotorua Economic Development Limited, which incorporates Destination Rotorua and the iSites and operates as Destination Rotorua.

Destination Marketing

We work to bring visitors to Rotorua by strengthening local market brand positioning and targeting growth markets. This is done in partnership with Rotorua tourist operators, wider regional connections and Tourism NZ. Destination Rotorua delivers destination marketing.

City planning and development

We're in the city planning business to protect Rotorua's unique environment and our citizens' quality of life, as we try to grow and develop the district.

We do this through the District Plan and resource consenting processes.

How does this affect you?

To develop and improve the local economy so that we all can enjoy a comfortable lifestyle with positive opportunities, and to position Rotorua as a great place to visit, live, work, invest and do business



**BUSINESS CONFIDENCE
WITHIN THE ROTORUA
DISTRICT IS ABOVE THE
AVERAGE BUSINESS
CONFIDENCE ACROSS
NEW ZEALAND**



Funding Impact Statement for 2016/2017 for District Development

DISTRICT DEVELOPMENT	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	7,957	8,188	8,415
Targeted Rates	5,580	5,738	5,698
Subsidies and grants for operating purposes	90	91	67
Fees and charges	1,480	1,532	1,636
Internal charges and overhead recovered	-	-	45
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,770	1,832	62
Total operating funding (A)	16,877	17,381	15,923
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	13,408	13,709	11,542
Finance Cost	1,160	1,198	940
Internal charges and overheads applied	1,691	1,740	1,273
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,259	16,647	13,755
Surplus (deficit) of operating funding (A-B)	618	734	2,168
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	1,020	1,046	1,060
Increase (decrease) in reserves	(402)	(312)	1,108
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	618	734	2,168
Surplus (deficit) of capital funding (C-D)	(618)	(734)	(2,168)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Facilitate the growth and development of the Rotorua district				
% of the business plan KPIs for the Destination Rotorua business unit are achieved.	80%	≥80%	89%	A
% of the business plan KPIs for Rotorua Economic Development are achieved.	80%	≥80%		
 % of the business plan KPIs for the airport are achieved.	67%	≥80%	80%	A
Rotorua's GDP growth is above the average GDP growth of New Zealand.	Achieved	Achieved	Achieved	A
The business confidence within the Rotorua district is above the average business confidence across New Zealand.	Achieved	Achieved	Achieved	A
Percentage increase in CBD foot traffic from the previous financial year.	6.6%	≥5%	-12.7%	NA
Timely and consistent processing of consenting applications				
 Percentage of consents processed within 15 working days.	"Land Use 17% Subdivision 7% Building consents 84%"	"Land use ≥60% Subdivision ≥25% Building consents ≥60%"	"Land Use 10% Subdivision 2% Building consents 74%"	NA
Percentage of customers very/fairly satisfied with the consenting process.	78%	≥80%	64%	NA
The number of complaints with the consenting service is reduced.	14	≤25	21	A

% of the business plan KPIs for the Destination Rotorua business unit are achieved / % of the business plan KPIs for Rotorua Economic Development are achieved: The KPI measures for Destination Rotorua and Rotorua Economic Development are now combined as part of Rotorua Economic Development. 16 of the 18 KPIs for Rotorua Economic Development were achieved during the financial year. One of the KPIs that was not achieved, was to Implement Stakeholder Relationship Management Framework, which has progressed well during the financial year however not all individual engagement plans for each stakeholder were fully completed by the year end. The other KPI not achieved was to provide a balanced 2016/17 budget which was missed by only \$1,420.

% of the business plan KPIs for the airport are achieved: 4 of the 5 KPIs are on tracking on target. The number of aircraft movements KPI has not met the target due to Air NZ introducing a new domestic schedule and a move to fewer flights with increased capacity.

Rotorua's GDP growth is above the average GDP growth of New Zealand: Infometrics data to March 2017 shows Rotorua's year on year GDP growth of 3.1% compared to 2.9% for the whole of NZ.

The business confidence within the Rotorua district is above the average business confidence across New Zealand: Rotorua June 2017 business confidence was +50.0 for local business conditions and +48.0 for New Zealand business conditions. This compares to the overall business confidence in New Zealand of +24.8.

Percentage increase in CBD foot traffic from the previous financial year: The annual spring count, that the property institute undertook, recorded a 12.7% decrease in pedestrians within the CBD. However there seems to be a mismatch between this measure and retail spending in the CBD which was up 7.7% from September 2015 to September 2016.

Percentage of consents processed within 15 working days: 74% of building consents issued for the year were processed within 15 working days. 10% of land use consents and 2% of subdivision consents issued for the year were processed within 15 working days. There has been a large increase in the number of subdivision consent applications and pre-application meetings for multi-lot subdivisions. The total number of subdivision consents issued (107) for the past financial year was 87% higher compared to the 2015/16 financial year (56 consents issued).

Percentage of customers very/fairly satisfied with the consenting process: The satisfaction from the survey ranged from 64% for building inspections, 67% for building consents and 63% for resource consents. Overall 10% of building consent customers and 13% of resource consent respondents stated they were dissatisfied with the overall service. Common themes relating to dissatisfaction were respondents wanting an electronic method for processing consents and reduced processing time for less complicated requests.

The number of complaints with the consenting service is reduced: The number of complaints as recorded in the request for service database.



ROTORUA'S GDP
GROWTH IS ABOVE THE
AVERAGE GDP GROWTH
OF NEW ZEALAND

Governance and Community Engagement



What we do

Governance and democracy

This activity covers a range of specific functions and is also the home of corporate leadership, planning, and the technical and administrative support for Council's many services. It supports the decision-making process of the mayor, elected members and committees.

Governance and democracy are the cornerstone of local government and we will continue to provide the means needed to conduct fair and open governance.

It also supports engagement between Council and communities, including Maori communities, marae, runanga, iwi, hapu and whanau, to facilitate input into council decision-making, providing community information and engagement support to ensure we talk with and listen to our community.

Strategy and policy development

We deliver plans that set change for delivering the Rotorua 2030 vision and goals and develop and align policies and bylaws to focus delivery of services towards achievement of the 2030 vision.

Strategic property investment

We manage the council's property portfolio, ensuring that investments made provide a gross return that is sustainable and meets the needs of our community.

How does this affect you?

To support the council's role in setting the future direction and priorities for our district, enabling informed and inclusive decision-making, supporting opportunities for communities, including Maori, to contribute to decision-making and supporting strong and efficient leadership.



**COUNCIL PROVIDES
SOUND ANALYSIS
+ ADVICE TO
BETTER ENGAGE
WITH COMMUNITIES
ABOUT COUNCIL
DECISIONS**

Funding Impact Statement for 2016/2017 for Governance and Community Engagement


GOVERNANCE AND COMMUNITY ENGAGEMENT	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	3,864	3,579	4,086
Targeted Rates	53	55	74
Subsidies and grants for operating purposes	53	53	0
Fees and charges	422	437	1,229
Internal charges and overhead recovered	11,848	12,112	11,949
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,078	1,114	1,780
Total operating funding (A)	17,318	17,350	19,118
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	14,792	15,048	16,961
Finance Cost	367	380	260
Internal charges and overheads applied	781	804	983
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,940	16,232	18,204
Surplus (deficit) of operating funding (A-B)	1,378	1,118	914
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	7,000	3,000	4,650
Gross proceeds from sale of assets	1,000	1,025	1,188
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,000	4,025	5,838
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	128	131	-
- to replace existing assets	3,146	2,488	5,392
Increase (decrease) in reserves	6,104	2,524	1,120
Increase (decrease) of investments	-	-	240
Total applications of capital funding (D)	9,378	5,143	6,752
Surplus (deficit) of capital funding (C-D)	(1,378)	(1,118)	(914)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

Governance



	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Provide sound analysis and advice to better engage with communities on Council decisions related to the strategic direction of Rotorua				
 Percentage of residents that are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	64%	≥70%	71%	A
Percentage of residents that strongly approve/approve of the decisions and or actions Council makes.	49%	≥60%	59%	NA
Percentage of residents that are very/fairly satisfied with the quality of information Council provides.	58%	≥60%	52%	NA
Percentage of residents who feel they can participate in decision-making.	44%	≥55%	38%	NA

Percentage of residents that are very/fairly satisfied with how rates are spent on services and facilities provided by Council: Satisfaction with the way rates are spent has increased since last financial year with residents who have lived in the district less than 10 years more likely to be satisfied with 88% satisfaction.

Percentage of residents that strongly approve/approve of the decisions and or actions Council makes: Satisfaction with council's decisions and actions has increased significantly since last financial year and those residents who are between 18 and 44 years old are more likely to be satisfied with 67% satisfaction.

Percentage of residents that are very/fairly satisfied with the quality of information Council provides / Percentage of residents who feel they can participate in decision-making: Satisfaction has decreased since last year with a corresponding higher percentage of people who don't know or provided a neutral response. We expect that as more people become aware of Councils' online engagement hub "Let's Talk | Kōrero mai" which was launched in January 2017 the satisfaction for the quality of information council provides and the perception of being able to participate in decision-making will correspondingly increase.

Strategy and policy

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Develop and implement community led strategies and projects that deliver on our Rotorua 2030 goals.				
 Percentage of residents who feel we are delivering and moving towards the 2030 goals.	54%	≥65%	Not measured	NM
The percentage of 2030 measures that are moving in a favourable direction.	69%	≥70%	Not measured	NM
Develop policy, bylaws and plans that support the achievement of Rotorua 2030.				
 All statutory plans, policies and bylaws are delivered within their statutory timeframes.	Not Achieved	Achieved	Not Achieved	NA

Percentage of residents who feel we are delivering and moving towards the 2030 goals / The percentage of 2030 measures that are moving in a favourable direction: These two performance measures haven't been measured during the financial year because the measurement framework is being reviewed to more accurately reflect long term progress of the seven goals. It is expected that this will be measured annually starting in April 2018.

All statutory plans, policies and bylaws are delivered within their statutory timeframes: During the past financial year there were two bylaws/Policies that were due to be renewed. These were the Water Services and Trade Waste Bylaw, and the Class IV Gambling and Board Venue Policy. The Class IV Gambling and Board Venue Policy were adopted by Council on the 27 July 2017.

Inner City Services



What we do

City Services

Services include keeping streets clean, servicing public toilets, graffiti removal, parking management, maintenance of the inner city crime prevention camera network and management of City Safe Guardians.

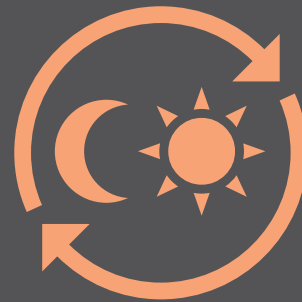
Public safety

We operate the City Safe Guardians who are visible and active within the CBD and immediate surrounds, working with the police, retailers, tourists and our citizens to ensure people feel safe on our streets.

They can move freely from place to place, are able to provide quick directional information, and report issues and risks that need addressing as well as preventing issues from occurring.

How does this affect you?

To create a 'destination within a destination', a place our people and visitors are drawn to by its vibrancy and activity to shop, explore, be entertained and live.



**96% OF GRAFFITI
IS REMOVED WITHIN
24 HOURS TO KEEP
ROTORUA BEAUTIFUL**




Funding Impact Statement for 2016/2017 for Inner City Services

INNER CITY SERVICES	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	1,520	1,560	1,608
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	8
Fees and charges	148	154	-
Internal charges and overhead recovered	1	1	9
Local Authorities, fuel tax, fines, infringements fees and other receipts	2,237	2,315	2,308
Total operating funding (A)	3,906	4,030	3,932
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,508	1,542	3,286
Finance Cost	86	99	105
Internal charges and overheads applied	1,550	1,590	475
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,144	3,231	3,867
Surplus (deficit) of operating funding (A-B)	762	799	65
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,105	1,133	1,201
- to replace existing assets	153	6	-
Increase (decrease) in reserves	(496)	(340)	(1,135)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	762	799	65
Surplus (deficit) of capital funding (C-D)	(762)	(799)	(65)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Public toilets are clean, hygienic, and are accessible.				
 Percentage of public toilets that are cleaned according to policy.	93%	≥95%	97%	A
 Percentage of inner city public toilets that meet the standard of a tier 2 or better toilet classification as defined by the public toilet policy.	20%	≥50%	40%	NA
Enhance the aesthetic look of Rotorua.				
 Percentage of graffiti that is removed within 24 hours to deter and Keep Rotorua Beautiful	96%	≥95%	96%	A

Percentage of public toilets that are cleaned according to policy: With over 11,100 cleans during the year the inner city toilets achieved 97% of the cleaning frequency targets.

Percentage of inner city public toilets that meet the standard of a tier 2 or better toilet classification as defined by the public toilet policy: The Lakefront and the Government Gardens Bowling Club toilets were upgraded during the financial year. Kuirau Park will not be done until a strategic planning exercise is completed. Staff are looking at options for improving Ohinemutu toilets in early 2017/18 financial year.

Percentage of graffiti that is removed within 24 hours to deter and Keep Rotorua Beautiful: 358 of 374 reported incidences of graffiti were removed within 24 hours of being reported.



**WITH OVER 11,100
CLEANS DURING THE YEAR,
THE INNER CITY TOILETS
ACHIEVED 97% OF THE
CLEANING FREQUENCY TARGETS**

Open Spaces and Recreation



What we do

Open space

The council provides and manages 800 hectares of reserve land (excluding the Tokorangi Forest),

45 kilometres of walkways, 72 playgrounds with 227 individual pieces of play equipment, and 50 hectares of sportsfield land. These open spaces provide for recreation and organised sport, garden environments and green corridors that contribute to the district's natural form, character and amenity values.

Tokorangi/Whakarewarewa forest parks

The council is responsible for maintenance of walking and mountain bike trails in the Tokorangi Forest with tracks in the adjacent Whakarewarewa Forest maintained by volunteer track sponsors.

The council is charged with maintaining and enhancing the landscape, recreational potential and aesthetic value of the forest as a significant backdrop to Rotorua.

How does this affect you?

We're involved in providing a wide array of open spaces and recreational opportunities. These contribute towards our people being actively involved in organised and passive health and fitness activities, to beautification of our CBD and surrounds and to preserving our green network, all of which lead to increased inner wellbeing and pride in how our district looks.



**COUNCIL
ENCOURAGES AND
FACILITATES
PUBLIC USE OF OPEN
SPACES**

A young child wearing a knitted hat with pom-poms and a jacket, sitting on a wooden bench in a park setting. The child is looking down at something in their hands. The background is a blurred natural setting with trees and foliage.

45 KILOMETRES OF WALKWAYS

72 PLAYGROUNDS

227 INDIVIDUAL PIECES OF PLAY EQUIPMENT

50 HECTARES OF SPORTSFIELD LAND



Funding Impact Statement for 2016/2017 for Open Spaces and Recreation

OPEN SPACES AND RECREATION	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	9,581	9,484	10,132
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	5	5	25
Fees and charges	35	36	-
Internal charges and overhead recovered	-	-	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	654	677	894
Total operating funding (A)	10,275	10,202	11,052
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	1,721	1,766	7,310
Finance Cost	851	886	754
Internal charges and overheads applied	5,967	6,097	616
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,539	8,749	8,680
Surplus (deficit) of operating funding (A-B)	1,736	1,453	2,371
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	30	31	155
Development and financial contributions	214	214	312
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	244	245	467
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,615	1,562	1,689
- to replace existing assets	1,494	755	850
Increase (decrease) in reserves	(1,129)	(619)	300
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,980	1,698	2,838
Surplus (deficit) of capital funding (C-D)	(1,736)	(1,453)	(2,371)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Provide safe well maintained and attractive open spaces that will encourage use and play				
 Percentage of residents very/fairly satisfied with the level of service for parks, reserves and playgrounds.	89%	≥90%	86%	NA
Percentage of residents that have visited parks, reserves and playgrounds in the last year.	90%	≥85%	83%	NA
Encourage and facilitate public use of open spaces				
 The number of open spaces, reserve and sportsground bookings.	2,019	≥1,650	3,107	A

Percentage of residents very/fairly satisfied with the level of service for parks, reserves and playgrounds: The community survey cites the need to upgrade facilities and improve maintenance to increase satisfaction levels.

Percentage of residents that have visited parks, reserves and playgrounds in the last year: The largest change in usage from the community survey is seen for residents aged 65+. In the 2016 survey, 83% of residents aged over 65 had used these facilities during the year, whereas in 2017 only 68% had. Although the survey doesn't ask why these people hadn't used these facilities, a contributing factor would have been the adverse weather, with summer and autumn having 192% of the historic average rainfall.

The number of open spaces, reserve and sportsground bookings: EOY result shows 54% increase in comparison to last year. Summer extension and winter allocation starting earlier than in previous years, and increased community use being captured.



**THE NUMBER OF OPEN SPACES,
RESERVE AND SPORTSGROUND BOOKINGS
INCREASED 54% IN COMPARISON
TO THE SAME PERIOD LAST YEAR**

Roads and Footpaths



What we do

This activity includes development and management of the roading network, including public transport infrastructure, safety programmes, alternative transport modes such as cycling and long term planning. Roothing networks are critical to supporting and developing the economy, particularly in Rotorua district where three major economic drivers - forestry, agriculture and tourism - are reliant on efficient transport systems.

How does this affect you?

To provide a safe and efficient transport network that supports the district's economy, provides access for utilities; supports facilitation of events and other activities; promotes road safety; and encourages the use of other sustainable forms of travel.



**94% OF 5,270
ENQUIRES RELATED TO
ROADS + FOOTPATHS
WERE RESPONDED
TO WITHIN FIVE
WORKING DAYS**






Funding Impact Statement for 2016/2017 for Roads and Footpaths

ROADS AND FOOTPATHS	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	8,231	8,921	8,705
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	2,588	2,653	3,030
Fees and charges	30	31	-
Internal charges and overhead recovered	-	-	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	608	629	636
Total operating funding (A)	11,457	12,234	12,372
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	6,276	6,427	7,032
Finance Cost	1,870	1,933	1,663
Internal charges and overheads applied	657	675	616
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,803	9,035	9,311
Surplus (deficit) of operating funding (A-B)	2,654	3,199	3,061
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,735	2,995	3,759
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,735	2,995	3,759
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,866	2,174	2,321
- to replace existing assets	5,250	5,381	6,152
Increase (decrease) in reserves	(1,727)	(1,361)	(1,653)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,389	6,194	6,819
Surplus (deficit) of capital funding (C-D)	(2,654)	(3,199)	(3,061)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
 Road safety The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	1 more fatal and 9 more serious crash injuries	≤ -1	The same number of fatal and serious injury crashes as last financial year	NA
 Road condition The average quality of ride on a sealed local road network, measured by smooth travel exposure.	85%	≥75%	86%	A
 Road maintenance The percentage of the sealed local road network that is resurfaced.	8%	≥8%	8.7%	A
 Footpaths The percentage of footpaths that are condition four (4) or better.	100%	≥98%	100%	A
 Response to service requests The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	91%	≥90%	94%	A

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number: Previous year data from crash database indicates:

2011/12	Fatal 0	Serious Injuries 28
2012/13	Fatal 5	Serious Injuries 10
2013/14	Fatal 2	Serious Injuries 11
2014/15	Fatal 1	Serious Injuries 8
2015/16	Fatal 2	Serious Injuries 17
2016/17	Fatal 2	Serious Injuries 17

While the number of serious injury and fatal crashes has remained the same as last financial year, it is important to note that the general long term trend has been improving. Council will continue to contribute to this improvement trend within the activities it is able to such as minor road safety improvement projects and road safety education programmes.

The average quality of ride on a sealed local road network, measured by smooth travel exposure: Outcome for the 2016/17 year are that 86% of sealed roads achieved the target measure.

The percentage of the sealed local road network that is resurfaced: 76km of planned resealing completed from a total of 871.9km of sealed roads at the start of the financial year.

The percentage of footpaths that are condition four (4) or better: The annual network representative audit conducted in March 2017 of a 10% sample of footpaths identified that none of those were at condition 5 (requiring immediate replacement) so all are in condition 4 or better.

The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days: All the 1,102 maintenance requests received an immediate response through logging directly to the Asset Management System, and of the 4,168 complaints and/or new service requests, 3,868 were responded to within five working days. Therefore 94% of the total 5,270 enquires were responded to within five working days.

94%

**OF ROADING
& FOOTPATH
ENQUIRIES WERE
RESPONDED TO
WITHIN**

5 **WORKING DAYS**



Sewerage and Sewage



What we do

This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from Rotorua's urban areas (including Ngongotaha) as well as identified rural lakeside communities.

How does this affect you?

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



**134 MINS =
THE MEDIAN TIME
TAKEN TO CONFIRM
RESOLUTION OF A
SEWERAGE SYSTEM
BLOCKAGE OR FAULT**

Funding Impact Statement for 2016/2017 for Sewerage and Sewage

SEWERAGE AND SEWAGE	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	-	-	-
Targeted Rates	14,299	14,687	14,421
Subsidies and grants for operating purposes	-	-	-
Fees and charges	661	684	712
Internal charges and overhead recovered	501	514	280
Local Authorities, fuel tax, fines, infringements fees and other receipts	1	1	8
Total operating funding (A)	15,462	15,886	15,421
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	4,921	5,035	6,117
Finance Cost	735	729	508
Internal charges and overheads applied	3,117	3,146	2,472
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,773	8,910	9,097
Surplus (deficit) of operating funding (A-B)	6,689	6,976	6,324
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,145	2,130	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,145	2,130	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	6,117	6,068	1,732
- to replace existing assets	1,504	1,357	2,678
Increase (decrease) in reserves	1,213	1,681	1,914
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	8,834	9,106	6,324
Surplus (deficit) of capital funding (C-D)	(6,689)	(6,976)	(6,324)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
System and adequacy				
 <p>The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	3.5 / 1000 connections	≤ 5 / 1000 connections	2.1 / 1000 connections	A
Discharge compliance				
 <p>Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents</p>	0	0	0	A
Fault response times				
 <p>Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site.</p>	41 minutes	≤60 minutes	37 minutes	A
<p>Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.</p>	236 minutes	≤ 210 minutes	134 minutes	A
Customer satisfaction				
 <p>The total number of complaints received by the territorial authority about any of the following: • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system</p>	24 odour 0 faults 83 blockages 1 response complaint Total 4.6 / 1000 connections	≤ 10 / 1000 connections	4 odour 253 faults 106 blockages 11 response complaints Total 15.4 / 1000 connections	NA

The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system: 51 overflows reported from 24,263 properties rated for sewer. Target has been met.

Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices; b) infringement notices; c) enforcement orders; d) convictions; received by the territorial authority in relation to those resource consents: Target was met. No resource consents expired during the financial year and no abatement or infringement notices were received during the period.

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site: Target was met.

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault: Target was met.

The total number of complaints received by the territorial authority about any of the following: sewage odour; sewerage system faults; sewerage system blockages, and; the territorial authority's response to issues with its sewerage system; expressed per 1000 connections to the territorial authority's sewerage system: 374 complaints and service faults received from 24,263 properties rated for sewer. The target has not been met. To be noted that of the faults recorded 172 related to Low Pressure Grinder Pump (LPGP) faults. These pumps were not originally included in setting the LTP KPIs and have adversely affected the result. This omission will be rectified during the next LTP.

A close-up photograph of a brown animal's face, possibly a dog or bear, with a prominent black eye on its right side. The animal's fur is a mix of brown and tan tones. The background is blurred, showing what appears to be a wooden structure.

DISCHARGE COMPLIANCE =
NO ABATEMENT NOTICES
NO INFRINGEMENT NOTICES
NO ENFORCEMENT ORDERS
NO CONVICTIONS

Storm water and Land Drainage



What we do

Maintain storm water systems and operate to manage drainage of excess rainfall.

- Develop and implement programmes to progressively improve storm water systems in areas that experience localised flooding, usually resulting from extreme rainfall episodes.
- Manage an integrated approach to planning and maintaining a storm water system that includes: ecosystems, people, urban design, communities and businesses, as well as cultural, amenity and social values.
- Regulate property owner responsibilities to utilise public storm water facilities to assist in the provision of a fully functional storm water system

How does this affect you?

To manage the drainage of excess rainfall so that property and people are protected from flood damage, and to mitigate the adverse effects of storm water run-off on the district's lakes and waterways.






Funding Impact Statement for 2016/2017 for Storm water and Land Drainage

STORMWATER AND LAND DRAINAGE	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	3,345	3,432	3,537
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	0
Internal charges and overhead recovered	-	-	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	12	13	-
Total operating funding (A)	3,357	3,445	3,537
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	464	473	872
Finance Cost	753	783	590
Internal charges and overheads applied	739	758	308
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,956	2,014	1,771
Surplus (deficit) of operating funding (A-B)	1,401	1,431	1,767
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	328
- to replace existing assets	2,312	2,040	284
Increase (decrease) in reserves	(911)	(609)	1,155
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,401	1,431	1,767
Surplus (deficit) of capital funding (C-D)	(1,401)	(1,431)	(1,767)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
System and adequacy				
 The number of flooding events that occur in a territorial authority district.	0	≤ 2	0	A
 For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).	0	≤ 0.5 / 1000 rated properties	0	A
Discharge compliance				
 Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents	0	0	0	A
Fault response times				
 The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	20 minutes	≤ 60 minutes	N/A	A
Customer satisfaction				
 The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	"5.1 / 1000 rated properties"	"≤ 20 / 1000 rated properties"	3.3 / 1000 rated properties	A

The number of flooding events that occur in a territorial authority district: Target was met, no habitable building flooding was advised to the council (flooding event definition: where water enters a habitable building).

For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system). Target was met.

Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices; b) infringement notices; c) enforcement orders;) convictions received by the territorial authority in relation to those resource consents: Target was met.

The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site: No flooding events, so no median response time, (flooding event definition: where water enters a habitable building). Target was met.

The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system: 93 complaints received from 28,376 rated properties. Target was met.

Waste management



What we do

This group of activities includes:

- Refuse and recycling collection
- Waste management
- Landfill operations

We provide weekly refuse and recycling collection services for residential properties, operate a recycle centre and provide and manage waste disposal facilities.

How does this affect you?

To provide for the collection, reduction, re-use, recycling and disposal of waste in a sustainable manner.



**COUNCIL PROVIDES
EFFICIENT
HOUSEHOLD WASTE
AND RECYCLING
SERVICES**




Funding Impact Statement for 2016/2017 for Waste Management

WASTE MANAGEMENT	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	462	-	489
Targeted Rates	4,140	4,257	4,165
Subsidies and grants for operating purposes	-	-	656
Fees and charges	385	398	-
Internal charges and overhead recovered	1,213	1,244	-
Local Authorities, fuel tax, fines, infringements fees and other receipts	1,889	1,955	656
Total operating funding (A)	8,089	7,854	5,965
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	3,752	3,284	6,763
Finance Cost	908	919	783
Internal charges and overheads applied	3,429	3,516	492
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,089	7,719	8,037
Surplus (deficit) of operating funding (A-B)	-	135	(2,072)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	414	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	800
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	414	-	800
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	1,275	-	295
Increase (decrease) in reserves	(861)	135	(1,567)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	414	13	(1,272)
Surplus (deficit) of capital funding (C-D)	-	(135)	2,072
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Provide efficient household waste and recycling services				
 Percentage of residents very/fairly satisfied with refuse collection service.	91%	≥90%	94%	A
Percentage of residents very/fairly satisfied with recycling collection service.	69%	≥75%	79%	A
Provide sustainable recycling facilities for household, green waste and concrete				
 Increasing number of tonnes per annum of green + wood waste recovered.	6,464 tonnes	≥7,000 tonnes	5,571 tonnes	NA
Increasing number of tonnes per annum of concrete waste recovered.	540 tonnes	≥1,500 tonnes	2,472 tonnes	A
Increasing number of tonnes per annum of recycled material recovered.	3,351 tonnes	≥4,700 tonnes	3,600 tonnes	NA
Minimise impact on environment				
 No resource consent abatement notices, infringement notices, enforcement orders or convictions.	Not achieved	Achieved	Not Achieved	NA
Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	Not measured	≤ 330 kg / household	437kg	NA

Percentage of residents very/fairly satisfied with refuse collection service: The satisfaction for those that have a refuse service has increased since last year.

Percentage of residents very/fairly satisfied with recycling collection service: The satisfaction has increased significantly during this financial year due to the introduction of Kerb Side recycling.

Increasing number of tonnes per annum of green + wood waste recovered: The target was not met. This result is affected by multiple factors and an investigation has been initiated to identify possible improvement options. A SWAP (Solid Waste Assessment Protocol) analysis has been undertaken which identified that 13% of the kerbside refuse collection consisted of green waste. Another identified factor is that green waste companies are diverting green waste they collect to other compost facilities thus our data is incomplete. Council is now evaluating options for enhanced green waste collection for consideration during the next LTP consultation.

Increasing number of tonnes per annum of concrete waste recovered: The amount recovered is significantly higher than the previous financial year. Target was met.

Increasing number of tonnes per annum of recycled material recovered: The new kerbside collection was introduced at the start of November 2016 (later than the anticipated July 2016). The data indicates that, there has been a sharp increase in the amount of recyclables collected from November 2016 to June 2017 under the new system. When extrapolated to annualised quantities, the data identifies a trend towards approximately 4,600 tonnes which is consistent with the KPI target.

No resource consent abatement notices, infringement notices, enforcement orders or convictions: Two abatement notices are still in force, one which was served on the landfill in Feb 2015 due to the capacity of the leachate line and one which was served on the old landfill in June 2016 due to contamination of stormwater discharges. The source of contamination was identified and the required works to rectify have been applied. In addition legacy issues with the old landfill are actively addressed through a capping and sealing plan to be concluded in early 2018.

Reduce the amount of rubbish/waste that is collected from kerbside collection per household: The target was not met in this first year of operating a new collection system. The SWAP (Solid Waste Assessment Protocol) analysis undertaken showed that significant amounts of recoverable material can be extracted from the household waste stream through improved education and awareness programmes. Council believes that the target can be met but it will require a transitional phase to be reviewed during the upcoming LTP.

Water supplies



What we do

The water supplies activity comprises the provision of potable water to three urban supply areas, five rural residential supply areas and two farming supply areas.

How does this affect you?

To provide cost-effective, constant, adequate, sustainable and high quality supply of water.



**293 LITRES
PER PERSON
PER DAY ***

*** AVERAGE CONSUMPTION
OF DRINKING WATER
PER DAY PER RESIDENT
WITHIN THE TERRITORIAL
AUTHORITY DISTRICT**

Funding Impact Statement for 2016/2017 for Water supplies


WATER SUPPLIES	Long-term Plan 2015/16 \$000	Long-term Plan 2016/17 \$000	Actual 2016/17 \$000
SOURCES OF OPERATING FUNDING			
General Rates, uniform annual charges, rates penalties	-	-	-
Targeted Rates	8,290	8,525	8,147
Subsidies and grants for operating purposes	-	-	6
Fees and charges	6	6	10
Internal charges and overhead recovered	423	433	421
Local Authorities, fuel tax, fines, infringements fees and other receipts	283	293	425
Total operating funding (A)	9,002	9,257	9,009
APPLICATION OF OPERATING FUNDING			
Payments to staff and suppliers	2,314	2,364	4,746
Finance Cost	562	587	495
Internal charges and overheads applied	4,244	4,306	2,013
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,120	7,257	7,254
Surplus (deficit) of operating funding (A-B)	1,882	2,000	1,755
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	1
Development and financial contributions	-	-	16
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	290
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	306
APPLICATION OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	
- to improve the level of service	1,414	1,020	990
- to replace existing assets	1,656	1,458	1,790
Increase (decrease) in reserves	(1,188)	(478)	(719)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,882	2,000	2,062
Surplus (deficit) of capital funding (C-D)	(1,882)	(2,000)	(1,755)
Funding balance ((A-B)+(C-D))	-	-	-

Due to changes in composition of groups of activities since the adoption of the LTP 2012-22, Council has used figures provided for in the LTP 2015-25 for the 2014-15 comparative year figures

Performance measures

Key: **A** Achieved **NA** Not Achieved **NM** Not Measured

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
<p>Safety of drinking water</p>  <p>Compliance with:</p> <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria) 	<p>"Bacterial Compliance Mamaku - No Hamurana - No Kaharoa - No Other 7 supplies - Yes Protozoal Compliance Central - No Mamaku - No Hamurana - No Kaharoa - No Other 6 supplies - Yes"</p>	<p>Achieved for all supplies</p>	<p>Bacterial Compliance All ten supplies Yes Protozoal Compliance Mamaku No Other nine supplies Yes</p>	<p>NA</p>
<p>Maintenance of the reticulation network</p>  <p>The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).</p>	<p>"24.7% urban 25.5% rural"</p>	<p>≤ 25%</p>	<p>21.8%</p>	<p>A</p>
<p>Fault response times</p> <p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</p>	<p>39 minutes</p>	<p>≤ 60 minutes</p>	<p>23 minutes</p>	<p>A</p>
<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> 	<p>107 minutes</p>	<p>≤ 240 minutes</p>	<p>76 minutes</p>	<p>A</p>
<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.</p>	<p>"2 hours 50 minutes"</p>	<p>≤ 1 day</p>	<p>"1 hour 53 minutes"</p>	<p>A</p>
<p>Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.</p>	<p>"20 hours 40 minutes"</p>	<p>≤ 3 days</p>	<p>"18 hours 31 minutes"</p>	<p>A</p>
<p>Demand management</p>  <p>The average consumption of drinking water per day per resident within the territorial authority district.</p>	<p>275 litres per person per day</p>	<p>≤ 320 litres per person per day</p>	<p>293 litres per person per day</p>	<p>A</p>

	30 Jun 2016	2016/17 Targets	30 Jun 2017	Status
Customer satisfaction				
 <p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. 	<p>5 clarity 9 taste 3 odour</p> <p>43 pressure 129 flow continuity complaints</p> <p>Total = 7.8 / 1000 connections</p>	<p>≤ 10 / 1000 connections</p>	<p>2 clarity 7 taste 2 odour</p> <p>23 pressure or flow 61 continuity complaints 14 service complaints.</p> <p>Total = 4.3 / 1000 connections</p>	A

Compliance with: part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria): All water supplied was fully compliant with the Drinking Water Standards for NZ. The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs

Of these, the Mamaku Plant did not meet the protozoal compliance target. While work was undertaken through the year to gain secure water status for both bores at Mamaku, sampling has shown that this is unlikely to be achievable, so a new treatment plant is being designed and will be installed in the 2017-2018 year.

The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this): Measurement based on Water NZ water loss benchmarking methodology - Current Annual Real Losses. Target was met and further improvement programmes are designed.

Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site: Target was met.

Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption: Target was met.

Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site: Target was met.

Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption: Target was met.

The average consumption of drinking water per day per resident within the territorial authority district: Figures based on domestic residential consumption using a sample of residential water meters which have been installed. Target was met.

The total number of complaints received by the local authority about any of the following: drinking water clarity; drinking water taste; drinking water odour; drinking water pressure or flow; continuity of supply, and; the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system:

109 complaints from 25,120 connected properties:

- 2 clarity
- 7 taste
- 2 odour
- 23 pressure or flow
- 61 continuity complaints
- 14 service complaints

Target was met

3





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Financial statements

Statement of compliance

The Council of Rotorua District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Steve Chadwick
Mayor
26 October 2017



G. Williams
Chief Executive
26 October 2017

Statement of comprehensive revenue and expense

for the year ended 30 June 2017

	Notes	Council			Group	
		2017 actual	2017 budget	2016 actual	2017 actual	2016 actual
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates	2	82,231	81,426	80,258	82,136	80,159
Development and financial contributions	5	328	-	133	328	133
Subsidies and grants	3	11,159	7,650	7,045	11,159	7,213
Interest revenue	4	107	100	171	104	156
Other revenue	6	17,391	18,226	22,939	24,064	24,322
Gains	7	241	-	817	256	838
Total Revenue	7(b)	111,456	107,402	111,363	118,048	112,821
Expenses						
Personnel costs	8	25,485	24,840	27,490	37,401	36,292
Depreciation and amortisation expense	19	23,732	25,220	25,057	26,364	26,500
Finance costs	4	7,363	7,569	8,322	7,878	8,325
Loss on disposal/impairment of plant, property & equipment	9	3,416	-	3,872	3,416	4,369
Other expenses	9	58,280	49,688	51,012	49,130	41,816
Total expenses		118,276	107,317	115,753	124,188	117,302
Surplus/(deficit) before tax		(6,820)	85	(4,390)	(6,141)	(4,481)
Income tax expense	10	-	-	-	-	-
Surplus/(deficit) after tax		(6,820)	85	(4,390)	(6,141)	(4,481)
Other comprehensive revenue and expense						
Items that could be reclassified to surplus(deficit):						
Net change in fair value of hedges	25	144	-	(198)	144	(198)
Net change in fair value of investment	25	702	-	(48)	22	44
Items that will not be reclassified to surplus(deficit):						
Revaluation on property, plant & equipment	25	53,773	27,031	484	53,773	484
Revaluation on Intangibles	25	(10)	-	598	(10)	598
Total other comprehensive revenue and expense		54,609	27,031	836	53,929	928
Total comprehensive revenue and expense		47,789	27,116	(3,554)	47,789	(3,553)



Statement of changes in equity

for the year ended 30 June 2017

	Notes	Council			Group	
		2017 actual \$000	2017 budget \$000	2016 actual \$000	2017 actual \$000	2016 actual \$000
Balance as at 1 July	25	975,196	998,127	978,750	975,197	978,750
Total comprehensive revenue and expense for the year		(6,820)	85	(4,390)	(6,141)	(4,481)
Other comprehensive income		54,609	27,031	836	53,929	928
Balance as 30 June	25	1,022,984	1,025,243	975,196	1,022,985	975,197

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRATED PART OF THESE FINANCIAL STATEMENTS

Statement of financial position

as at 30 June 2017

	Notes	Council			Group	
		2017 actual \$000	2017 budget \$000	2016 actual \$000	2017 actual \$000	2016 actual \$000
Assets						
Current assets						
Cash & cash equivalents	11	1,808	1,000	8,887	4,174	9,523
Debtors & other receivables	12	16,936	8,610	11,106	14,543	11,520
Inventory	15	143	1,328	473	1,078	1,337
Non-current assets held for sale	16	3,779	-	1,046	3,779	1,046
Provision for taxation	10	-	-	-	-	-
Total current assets		22,666	10,938	21,512	23,574	23,426
Non-current assets						
Loans & receivables	12	14,333	15,000	16,248	213	248
Property, plant and equipment	17	1,148,112	1,156,164	1,090,278	1,195,046	1,138,990
Intangible assets	18	2,240	2,559	4,618	2,314	4,675
Other financial assets						
- Investment in CCOs and other similar entities	14	32,712	31,470	31,769	76	66
- Investment in other entities	14	2,238	-	1,985	2,238	1,985
Total non-current assets		1,199,635	1,205,193	1,144,898	1,199,886	1,145,964
Total assets		1,222,301	1,216,131	1,166,410	1,223,460	1,169,390
Liabilities						
Current liabilities						
Payables and deferred revenue	21	24,609	17,487	20,922	24,427	21,210
Provisions	24	200	672	389	274	507
Employee entitlements	23	3,173	6,243	3,428	4,438	4,463
Borrowings and other financial liabilities	22	32,050	20,000	25,400	32,051	26,904
Total current liabilities		60,031	44,402	50,139	61,189	53,084
Non-current liabilities						
Provisions	24	2,235	2,127	1,879	2,235	1,879
Employee Entitlements	23	105	259	105	105	105
Borrowings and other financial liabilities	22	136,700	144,100	138,700	136,700	138,735
Derivative financial instruments	13	246	-	390	246	390
Total non-current liabilities		139,286	146,486	141,074	139,286	141,109
Total liabilities		199,317	190,888	191,214	200,475	194,193
Net assets (assets minus liabilities)		1,022,984	1,025,243	975,196	1,022,985	975,197
Equity						
Accumulated funds	25	717,660	736,487	723,323	718,341	723,324
Reserves	25	305,324	288,756	251,873	304,644	251,873
Total equity		1,022,984	1,025,243	975,196	1,022,985	975,197

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRATED PART OF THESE FINANCIAL STATEMENTS

Statement of cash flows

for the year ended 30 June 2017

	Notes	Council			Group	
		2017 actual \$000	2017 budget \$000	2016 actual \$000	2017 actual \$000	2016 actual \$000
Cash flows from operating activities						
Receipts from rates revenue		82,049	81,426	79,918	81,954	79,819
Interest received		142	100	171	141	154
Dividends received		1	-	443	1	-
Receipts from other revenue		25,630	25,876	29,303	35,461	31,240
Payments to suppliers		(53,661)	(49,533)	(49,389)	(48,126)	(41,797)
Payments to employees		(25,740)	(24,718)	(28,534)	(37,576)	(37,186)
Interest paid		(7,429)	(7,569)	(8,792)	(7,444)	(8,715)
Income tax paid/refunded		-	-	-	-	49
Goods and Services Tax (net)		(178)	-	(1,360)	(178)	(1,301)
Net cash from operating activities	26	20,814	25,582	21,760	24,233	22,263
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		1,701	1,019	4,588	2,116	1,301
Proceeds from intangible asset sale		801	-	-	781	-
Purchase of property, plant and equipment		(32,279)	(29,601)	(18,273)	(33,166)	(18,458)
Purchase of intangible assets		(1,873)	-	(570)	(1,971)	(584)
Repayment of loans and receivables		330	-	-	-	-
Loan advances made		(450)	-	-	(454)	(699)
Purchase of financial assets		(772)	-	(1,119)	(454)	(699)
Net cash from investing activities		(32,542)	(28,582)	(15,374)	(32,694)	(18,440)
Cash flows from financing activities						
Proceeds from borrowings		24,650	-	30,000	24,616	31,539
Repayment of borrowings		(20,000)	-	(33,400)	(21,504)	(33,400)
Net cash from financing activities		4,650	-	(3,400)	3,112	(1,861)
Net (decrease)/increase in cash, cash equivalents		(7,078)	(3,000)	2,986	(5,349)	1,962
Cash, cash equivalents at the beginning of the year		8,887	4,000	5,901	9,523	7,561
Cash, cash equivalents at year end	11	1,808	1,000	8,887	4,174	9,523

NOTE: THE ACCOMPANYING NOTES FORM AN INTEGRATED PART OF THESE FINANCIAL STATEMENTS



Notes to the financial statements

1: Statement of accounting policies

Reporting Entity

Rotorua District Council is a territorial local authority under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Rotorua District Council Group (Group) consists of the ultimate parent, Rotorua District Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Rotorua Economic Development Limited (formerly Grow Rotorua), (100% owned), InfraCore Limited (formerly Rotorua Contracting Limited) (100% owned), and jointly controlled entities Terax 2013 Limited (50% owned) and Terax Limited Partnership (50% owned). The Council's subsidiaries and jointly controlled entities are incorporated and domiciled in New Zealand.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and the Group are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 26 October 2017.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Notes 30 and 31, which are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment assets measured at cost were scoped into the impairment accounting standards. The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class-of-asset to which the asset belongs.

Standards issued and not yet effective and not early adopted

Standards, and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

Interests in other entities:

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of these new standards.

Financial instruments:

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and Group have not yet assessed the effects of the new standard.

Employee benefits:

In May 2017, the XRB issued PBE IPSAS 39 Employee Benefits. PBE IPSAS 39 replaces PBE IPSAS 25 Employee benefits. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Council plans to apply the new standard in preparing the 30 June 2019 financial statements. The Council and Group have not yet assessed the effects of this new standard.

Changes in accounting policies

There have been no other changes in accounting policies.

Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Rotorua District Council and its controlled entities and are prepared by adding together like items of assets, liabilities, equity, and revenue and expenses on a line-by-line basis. All significant intraGroup balances, transactions, revenue and expenses unrealised gains and losses are eliminated in full on consolidation.

Controlled entities

Rotorua District Council consolidates as subsidiaries in the Group financial statements all controlled entities where Rotorua District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Rotorua District Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined as being unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

Investments in any controlled entity held by Council are accounted for at cost, less any impairment charges, in the separate financial statements.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

At the end of each reporting period the Council assesses whether there are any indications that the carrying value of the investment in controlled entities may be impaired. Where such indications exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Non-controlled entities

The Council accounts for investments in associates using the equity method. A non-controlled entity is an entity over which the Council has a non-controlling interest and may have significant influence, and that entity is neither a controlled entity (subsidiary) nor an interest in a joint venture. The investment in the associate is initially recognised at cost and the carrying amount in the Group's financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate, after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the relevant associate.

Dilutions, gains or losses arising from investments in associates are recognised in the surplus or deficit.

Investments in associates are carried at cost in the Council's parent entity financial statements.

Non-controlled entities (Joint Venture)

A joint venture is a binding contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled entities, the Council and Group recognise in its financial statements share of interest in the assets it controls, liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture using the proportionate consolidation method.

Revenue

Revenue is measured at the fair value of consideration received or receivable to the extent that it is probable that economic benefits or service potential will flow to the Group and the revenue can be reliably measured.

Rates revenue

Rates are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when the Council has struck the rate and that rate becomes payable.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Amounts arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as Rotorua District Council is acting as an agent for BOPRC.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the cost of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities such as the pools and museum. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sale of goods

Revenue from the sales of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application, and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit in the period they arise.

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to revenue tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense in surplus or deficit on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council's operational activities and interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining item of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council and Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- Hedges of highly probably forecast transactions (cashflow hedge).

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and Group also document its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging is recognised in the surplus or deficit as part of "finance costs".

If a hedge of a forecast transaction subsequently results in recognition of a financial asset or a financial liability, associated gains or losses that were recognised directly in other comprehensive revenue and expense are reclassified into the surplus deficit in the same period or periods during which the asset acquired, or liability assumed, affects surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in other comprehensive revenue and expense from the period when the hedge was effective, will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Other Financial assets

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus deficit.

Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest rate method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indication of impairment. Impairment is established when there is evidence that the Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed and unlisted shares (fair value through other comprehensive revenue and expense)

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its costs is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of the listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised the impairment loss is reversed in the surplus or deficit.

Shares in subsidiaries

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level or potential ownership benefits that arise from the activities of the subsidiary.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. The difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at the net asset backing value in the Council's parent entity financial statements.

Investment in joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council and Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture. The Group recognises its interest in jointly controlled entities using the equity method. The investment in a jointly controlled entity is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit of the jointly controlled entity after the date of acquisition. The Group's share of the surplus or deficit of the jointly controlled entity is recognised in the surplus or deficit. Investments in jointly controlled entities are carried at the net asset backing value in the local authority's parent entity financial statements.

Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of land at the date of the transfer is its deemed costs.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. They are measured at the lower of their carrying amount or fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increase in fair value (less costs to sell), are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal Group).

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post-closure, library books, art collections, plant and equipment, recreational forests and motor vehicles.

Restricted assets - Restricted assets are parks and reserves owned by the Council and Group which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by Council and Group. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is measured at initial cost directly attributable to acquisition of the items or valuation, less accumulated depreciation and impairment losses.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at fair value.

Revaluations:

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued at fair value with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years. The value of recreational forests is at deemed cost. All other assets are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, the off-cycle assets are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to an asset revaluation reserve in equity for that class of asset. Where this result is a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue.

The value of land and buildings is their market value as determined by a registered valuer.

Additions:

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less any impairment and is not depreciated.

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals:

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset or when no further economic benefits or service potential are expected. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation:

Depreciation is provided on all fixed assets with certain exceptions. The exceptions are:

- Land is not depreciated.
- Library books are not depreciated
- Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network, such as excavation, sub-base materials and compaction, are not depreciated as these assets have an infinite life. Stormwater channels are also considered to have an infinite life and are not depreciated. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of Rotorua Museum collections and the library reference collection are considered to be extremely long (with potential for appreciation of value). Therefore, due to its insignificance, no depreciation has been brought to charge.

All other assets are depreciated on a 'straight-line' basis at rates that will write off their cost or valuation over their expected useful economic lives.

Vehicles are depreciated on the basis of diminishing value and at a rate of 20%, calculated to allocate motor vehicles' cost over their estimated useful lives.

The expected lives of major classes of assets are:

Buildings

Structure	10 to 80 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site specific	2 to 20 years

Plant and equipment	10 to 20 years
Parks & Reserves	5 to 100 years

Sewage

Treatment plants and facilities	5 to 100 years
Wastewater and reticulation (other assets)	10 to 140 years

Water

Treatment plants and facilities	5 to 100 years
Water and reticulation (other assets)	10 to 130 years

Stormwater drainage

10 to 130 years

Roads and footpaths

Seal - First coat and base	80 years
Seal - second coat	12 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	7 to 20 years
Bridges	40 to 100 years

Landfill improvements

3 to 100 years

Airport Assets

Runway, Taxiways, Aprons	10 to 80 years
Other paved areas	13 years
Surround Security Fences	10 years

Computer Systems

3 to 7 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Subsequent costs:

Costs subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the assessed useful economic life or pattern of consumption. The amortisation expense is recognised in the surplus or deficit as an expense category consistent with the function of the intangible asset.

Impairment losses are recognised immediately in surplus or deficit.

Goodwill:

Goodwill on acquisition of businesses and controlled entities (subsidiaries) is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall investment balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment losses relating to goodwill cannot be reversed in future periods.

Software acquisition and development:

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Council's website are recognised as expenses when incurred.

Carbon Credits:

Purchased carbon credits are recognised initially at cost on acquisition. They are not amortised, but are instead tested for impairment annually, and otherwise revalued to fair value annually. They are 'derecognised' when they are used to satisfy carbon emission obligations.

Amortisation:

The carrying value of an intangible asset with a finite life is amortised on a 'straight-line basis' over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is 'derecognised'. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3-7 years	14-33%
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Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, or value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Recreation Forestry assets

Standing forestry assets are held for the prime purpose of recreation and at deemed cost.

Council may from time to time harvest minor portions of a forest. At the time of sale a proportion of deemed cost of area of forest evidenced within a felling plan is offset against proceeds and felling costs at the time. The net value is recognised in surplus or deficit.

Recreational forest assets not managed for harvesting into agricultural produce, or being transformed into additional biological assets are reported as property, plant and equipment in accordance with the policies for property, plant and equipment.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value, net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Employee entitlements

Short-term employee entitlements:

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earning in the coming year. The amount of sick leave is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense for bonuses is recognised where Council is contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements:

Entitlements that are payable beyond 12 months, after the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements:

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

The expense relating to these provisions is presented in the statement of financial performance net of any reimbursement.

Superannuation schemes

Defined contribution schemes:

Employer contributions to KiwiSaver or the Government Superannuation Schemes are expensed in the surplus or deficit as incurred.

Defined benefit schemes:

The Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the Scheme, to the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The Scheme is therefore accounted for as a defined contribution scheme. Further information on this Scheme is disclosed in Note 28.

Provisions

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

ACC Accredited Employers Programme

The Council belongs to the ACC Accredited Employers Programme (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work-related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council or Group to make specific payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to a related party, its fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee of the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; or
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Net assets/equity

Net assets/equity is the community's interest in the Rotorua District Council and is measured as the difference between total assets and total liabilities. Net Assets/Equity is disaggregated and classified into a number of components.

The components of Net assets/equity are:

- Accumulated comprehensive revenue and expense
- Reserves

Reserves

Restricted reserves:

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in note 34.

Asset revaluation reserve:

This reserve relates to the revaluation of property, plant and equipment to fair value.

Available for sale reserve:

This reserve comprises the cumulative net change in the fair value of available for sale financial assets.

Cash flow hedge reserve:

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST-inclusive basis.

GST not recoverable as input tax is recognised as part of the related asset or expense. Net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. Net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are approved by the Council in the Annual Plan 2016-17. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

Cost allocation

Rotorua District Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs:

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Indirect costs:

Indirect costs relate to the overall costs of running the organisation and include staff time office space and information technology costs. Indirect costs are allocated as overheads across all activities utilising an appropriate driver.

There have been not changes to the cost allocation methodology during the year.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment are discussed below:

Note 24 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 17 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying Rotorua District Council's accounting policies for the period ended 30 June 2017:

Classification of property

The Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are held as property, plant and equipment rather than as investment property.

Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 Revenue from Non-Exchange Transactions. The Council considers there are two possible accounting treatments for the grant under PBE IPSAS 23; either recognising the grant evenly over the 20-year condition period, or recognising the grant as revenue at the end of the conditions in 2025. As the suspensory loan in totality would be repayable, should any of the conditions not be met during the condition period to 2025, the Council believes it prudent, and has therefore elected, to recognise the grant at the end of the 20-year period. Further information about the suspensory loan is included in the revenue accounting policy and note 28.

Accounting for donated or vested land and buildings with use or return conditions.

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.



2: Rates

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
General rates	50,059	48,884	49,964	48,884
Targeted rates attributable to activities:				
- water, excluding water supply rates	4,312	4,223	4,312	4,223
- sewerage	13,615	13,304	13,615	13,205
- refuse and sanitation	4,177	4,130	4,177	4,130
- lakes enhancement rate	464	455	464	455
- eastern sewerage capital rates	672	653	672	653
- business development targeted rates	5,715	5,601	5,715	5,601
- urban sewerage develop. rate	62	61	62	61
- lakes community board rate	54	53	54	53
Rates penalties	1,234	1,124	1,234	1,124
Less rates charges to Council properties	(1,845)	(1,851)	(1,845)	(1,851)
Total rates	78,519	76,637	78,424	76,538

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below.

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Rates	78,519	76,637	78,423	76,538
Targeted water supply rates	4,112	3,926	4,112	3,926
Less targeted water supply rates charges to Council properties	(399)	(305)	(399)	(305)
Total annual rates income	82,231	80,258	82,136	80,159

Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Total gross rates	79,583	77,758	79,488	77,659
Rates remissions:				
- General rates remissions	785	831	785	831
- Targeted rates remissions	279	261	279	261
- Penalty remissions	1	29	1	29
Total remissions	1,065	1,121	1,065	1,121
Rates (net of remissions)	78,518	76,637	78,423	76,538

Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation. The non-rating of non-rateable land does not constitute a remission under the Council's rates remission policy.

Rating base information

The number of rating units within the district or region of Rotorua District Council at 30 June 2017 was 29,529 (2016: 29,887).

The total capital value of rating units within the district or region of Rotorua District Council at 30 June 2017 was \$13,071,596,300 (2016: \$12,945,779,400).

The total land value of rating units within the district or region of Rotorua District Council at 30 June 2017 was \$6,352,841,200 (2016: \$6,350,696,000).

3: Subsidies and grants

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
New Zealand Transport Rooding subsidies	6,652	5,081	6,652	5,081
Grants subsidies and donations capital	2,759	1,227	2,759	1,395
Other subsidies operating	1,747	737	1,747	737
Total subsidies and grants	11,158	7,045	11,158	7,213

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2016: \$Nil).

4: Finance revenue and costs

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Finance income				
Interest income				
- term and call deposits	107	171	104	156
Total finance income	107	171	104	156
Finance costs				
Interest expense				
- interest on bank borrowings	7,008	8,245	7,008	8,248
- discount unwind on provisions (note 24)	355	77	355	77
Total finance cost	7,363	8,322	7,363	8,325
Net finance costs	7,257	8,151	7,259	8,169

5: Development and financial contributions

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Financial contributions from subdivisions	328	133	328	133
Total development and financial contributions	328	133	328	133

6: Other revenue

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Traffic and parking infringements	1,307	1,336	1,307	1,336
Rendering of services (other trading revenue)	5,882	11,678	12,315	13,766
Petrol tax	587	524	587	524
Vested assets	33	34	33	34
Assets recognised for the first time	-	-	-	-
Dividend income	1	443	1	-
Insurance recoveries	-	41	-	41
Fees and charges	5,717	4,925	5,715	4,663
Lease and rental revenue	3,860	3,946	4,107	3,946
Other revenue	4	12	-	12
Total other revenue	17,391	22,939	24,064	24,322

7: Gains

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Non-financial instruments				
Property, plant and equipment gains on disposal	241	817	256	838
Total non-financial instrument gains	241	817	256	838

8: Personnel costs

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Salaries and wages	24,431	26,207	36,347	35,009
Defined contribution plan employer contributions	896	971	896	971
Restructuring	158	312	158	312
Total personnel costs	25,485	27,490	37,401	36,292

Employer contributions to defined contribution plans include contributions to KiwiSaver and the Defined Benefit Plan (DBP) Contributors Scheme.

g: Other expenses

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Fees to auditors:				
- fees to Audit New Zealand for audit of the Council's financial statements	157	143	226	201
- fees to Audit New Zealand for other services	-	35	-	35
- fees to other auditors	-	-	8	-
Grants and contributions	1,527	1,603	1,525	903
Contractors and physical works	30,305	23,851	10,902	8,392
Insurance premiums	1,111	1,139	1,161	1,184
Consultants and legal advice	2,589	2,534	2,874	3,215
Marketing and promotion	856	1,243	1,575	1,271
Energy	2,986	3,309	2,986	3,309
ACC	176	191	202	191
Elected member remuneration (incl hearing fees)	732	709	732	709
Impairment of receivables	308	79	308	79
Losses on disposal of property, plant and equipment	3,416	2,472	3,416	2,496
Losses on disposal of intangible assets	2,542	-	2,542	-
Impairment of plant, property and equipment	-	1,400	-	1,873
Impairment of other financial assets	278	779	3	30
Other expenditure	14,714	15,397	24,087	22,297
Total other expenses	61,697	54,884	52,546	46,185

10: Tax

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	-	-	-	-
Adjustments to current tax in prior year	-	-	-	-
Deferred tax expense	-	-	-	-
Tax loss not previously recognised	-	-	-	-
Tax expense	-	-	-	-
Relationship between tax expense and accounting profit				
Net surplus before tax	(6,820)	(4,390)	(6,143)	(4,481)
Tax @ 28%	(1,910)	(1,229)	(1,720)	(1,254)
Plus/(less) tax effect of:				
Non-deductible expenditure	1,967	(1,061)	1,968	(1,048)
Tax loss not recognised	(57)	3,893	(226)	3,731
Tax loss recognised				
Deferred tax on temporary differences	-	(1,603)	-	(1,603)
Deferred tax not recognised	-	-	(22)	174
Tax expense	-	-	-	-

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
	\$000	\$000	\$000	\$000	\$000
Deferred tax assets/(liabilities)					
Balance at 30 June 2015	(1,603)	-	-	1,603	-
Charged to surplus or deficit	1,603	-	-	(1,603)	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2016	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2017	-	-	-	-	-

A deferred tax asset has not been recognised in relation to unused tax losses of \$18,317,072 to Council (2016: \$26,185,065), Group \$19,637,119 (2016: \$27,962,075). The Group has unrecognised temporary tax differences of \$128,000 (2016: \$669,000).

11: Cash and cash equivalents

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank and on hand	1,808	8,887	4,174	9,523
Total cash and cash equivalents	1,808	8,887	4,174	9,523

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value. Cash, cash equivalents and bank overdrafts include the above for the purpose of the statement of cashflows.

12: Debtors and other receivables

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current debtors and other receivables				
Rates receivables	4,619	4,412	4,619	4,412
Other receivables	10,806	5,483	8,246	5,854
Prepayments	1,359	930	1,404	973
GST receivable	2,054	1,876	2,176	1,876
Current gross debtors - other receivables	18,838	12,701	16,445	13,115
Less: Provision for Impairment of receivables	(1,902)	(1,595)	(1,902)	(1,595)
Total current portion	16,936	11,106	14,543	11,520
Non-current portion debtors and other receivable				
Other receivables	14,333	16,248	213	248
Total non-current portion	14,333	16,248	213	248
Total receivables	31,269	27,354	14,756	11,768

Total receivables comprise:

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	10,285	5,882	9,977	5,882
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	20,984	21,474	4,778	5,886

Fair Value

Debtors and other receivables generally short term and non-interest bearing. Therefore, the carrying value of debtors and other receivables approximates their fair value.

Impairment

When Council provides for impairment on rates receivables, it takes into account its various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

Other receivables

The fair value of other receivables is \$14,333,000 (2016: \$16,219,000).

The ageing profile of receivables at year end is detailed below:

The status of receivables as at 30 June 2017 and 2016 are detailed below:	2017			2016		
	Gross \$000	Impairment \$000	Nett \$000	Gross \$000	Impairment \$000	Nett \$000
Council						
Not past due	26,703	-	26,703	23,521	(12)	23,509
Past due 1-60 days	2,477	(75)	2,402	1,731	(71)	1,659
Past due 61-120 days	75	(5)	70	162	(31)	131
Past due > 121 days	3,916	(1,822)	2,094	3,534	(1,480)	2,054
Total	33,171	(1,902)	31,269	28,948	(1,594)	27,354
Group						
Not past due	10,190	-	10,190	7,937	(12)	7,925
Past due 1-60 days	2,477	(75)	2,402	1,731	(72)	1,659
Past due 61-120 days	75	(5)	70	162	(31)	131
Past due > 121 days	3,916	(1,822)	2,094	3,534	(1,481)	2,053
Total	16,657	(1,902)	14,756	13,364	(1,596)	11,768

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Individual impairment	1,902	1,594	1,902	1,596
Collective impairment	-	-	-	-
Total provision for impairment	1,902	1,594	1,902	1,596

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not past due	-	12	-	12
Past due 1-60 days	75	71	75	71
Past due 61-120 days	5	31	5	31
Past due > 121 days	1,822	1,480	1,822	1,480
Total individual impairment	1,902	1,594	1,902	1,594

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 July	1,594	1,516	1,594	1,516
Additional provisions made during the year	556	616	556	617
Receivables written off during the period	(248)	(538)	(248)	(537)
At 30 June	1,902	1,594	1,902	1,596

The Council and group had no collateral as security or other credit enhancements over receivables that are either past due or impaired.

13: Derivative financial instruments

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Non-current liability portion				
Interest rate swaps - cashflow hedges	246	390	246	390
Total non-current liability portion	246	390	246	390
Total derivative financial instruments liabilities	246	390	246	390

Fair value

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$10 million (2016: \$10 million) and for the Group were \$10 million (2016: \$10 million). At 30 June 2017, the fixed interest rate of the cashflow hedge interest rate swap is 5.25% (2016: 5.25%).

Gains and losses recognised in the hedging reserve in equity (note 25) on interest rate swap contracts as at 30 June 2017 will be released to the surplus or deficit as interest is paid on the underlying debt.

The Council and Group currently have no fair value hedges.

14: Other financial assets

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Non-current portion				
Investment in CCOs and other similar entities				
Unlisted shares Rotorua Regional Airport Limited	30,577	29,965	-	-
Unlisted shares Waikato Local Authority Shared Services Ltd	67	58	67	58
Unlisted shares BOP Local Authority Shared Services Ltd	9	8	9	8
Unlisted shares Terax Limited Partnership	216	192	-	-
Unlisted shares in InfraCore Ltd	1,617	1,551	-	-
Unlisted shares Terax 2013 Ltd	-	(1)	-	-
Unlisted shares RED Ltd	227	(4)	-	-
	32,713	31,769	76	66
Investment in other entities				
Mountain Bike underwrite	150	150	150	150
Unlisted shares NZ Local Government Insurance Corporation Ltd (cost)	269	256	269	256
Borrower Notes	1,819	1,579	1,819	1,579
	2,238	1,985	2,238	1,985
Total non-current portion	34,950	33,754	2,314	2,051
Total other financial assets	34,951	33,754	2,314	2,051

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

The fair value of the unlisted shares of NZ Local Government Insurance Corporation Limited and of Local Authority Shared Services Limited (LASS) has been approximated by using the lower of cost or market value.

The share investment in the associate entity Waikato LASS comprises:

- 1 ordinary share
- 126,703 Shared Valuation Database shares
- 7,516 WRAP service shares, which are uncalled as at balance date

The service shares are non-voting and do not carry the right to share in any distributions of the company.

The share investment in the associate entity BOP LASS comprises 5 ordinary shares (2016: 5). The fair value of the BOP LASS, approximated using the net asset backing method, is \$8,753 (2016: \$8,471).

The cost price of the share investment in the subsidiary Rotorua Regional Airport Limited (RRAL) amounts to \$30,695,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$30,577,447 (2016: \$29,964,972). The surplus for the year of \$612,475 (2016: \$23,578) is recognised in the Statement of comprehensive revenue and expense. The Council holds 28,645,000 ordinary shares.

The cost price of the share investment in the subsidiary Rotorua Economic Development Limited (formerly Grow Rotorua) amounts to \$232,493. The recoverable amount is approximated by using the net asset backing method and amounts to \$226,611 (2016: -\$3,918). The deficit for the year of -\$1,420 (2016: -\$45,874) is recognised in the Statement of comprehensive revenue and expense.

The cost price of the share investment in the subsidiary InfraCore Limited (formerly Rotorua Contracting Limited) amounts to \$1,616,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$1,617,000 (2016: \$1,551,000). The surplus for the year of \$66,000 (2016: -\$65,000) is recognised in the Statement of comprehensive revenue and expense. The Council holds 1,616,081 ordinary shares. The nature of business of its services for the Council is in constructing, maintaining and managing infrastructure and facility assets; providing high quality cost effective services for the Council in the following areas: three waters, city cleaning, refuse collection, parks operations, civil works, fleet management and the supply of nursery products.

The cost price of the share investment in the joint venture Terax 2013 Limited amounts to \$300. The recoverable amount is approximated by using the net asset backing method and amounts to \$191 (2016: -\$1,308). The nil result for the year (2016: \$nil) is recognised in the Statement of comprehensive revenue and expense.

The cost price of the share investment in the joint venture Terax Limited Partnership amounts to \$1,060,000. The recoverable amount is approximated by using the net asset backing method and amounts to \$215,636 (2016: \$191,644). The deficit for the year of -\$275,315 (2016: -\$311,197) is recognised in the Statement of Comprehensive Revenue and Expense.

The Council has a 49% shareholding in Mountain Bike Events Limited. Council is also the 100% shareholder in one dormant non-operational company – Rotorua District Council Holdings Ltd.

Impairment

A total impairment loss of \$269,000 (2016: \$779,000) has been recognised in the surplus/deficit of statement of comprehensive revenue and expense line item "other expenses" (note 9). This related to investment in CCOs and other similar entities.

15: Inventory

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Inventories held for distribution or consumption in provision of services	49	54	245	241
Inventories held for use in production of goods and services on a commercial basis	94	419	833	1,096
Total inventories	143	473	1,078	1,337
Water and sewerage reticulation spare parts	19	20	215	207
Nursery store	-	-	660	677
Other inventories held for distribution	30	34	30	34
Museum retail stock	94	93	94	93
Rotorua i-Site	-	56	79	56
Solid waste refuse bags	-	89	-	89
Other commercial inventory	-	181	-	181
Total inventories	143	473	1,078	1,337

No inventories are pledged as security for liabilities (2016: \$Nil). However, some inventories are subject to retention of title clauses.

Held for distribution inventory

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2017 amounted to \$Nil (2016: \$Nil).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2016: \$Nil). There have been no reversals of write-downs (2016: \$Nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

Commercial inventory

The write-down of commercial inventory to net realisable value amounted to \$Nil (2016: \$Nil). There have been no reversals of write-downs (2016: \$Nil).

16: Non-current assets held for sale

As at 30 June 2017, Council had a number of properties surplus to requirements and held available for sale. The sale of these assets are expected to be concluded within twelve months from balance date.

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- buildings	2,099	176	2,099	176
- land and infrastructure	1,680	870	1,680	870
Total non-current assets held for sale	3,779	1,046	3,779	1,046

17: Property, plant and equipment – Council 2017

2017 Classification	Cost / revaluation 1/7/16	Accum depn & impairmt charges 1/7/16	Carrying amount 1/7/16	Current year additions	Infrastructural Assets constructed by council	Infrastructural Assets transferred to council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	37,220	-	37,220	54	-	-	(1,680)
Buildings	126,020	(9,958)	116,062	11,897	-	-	(2,099)
Library books	5,004	(2,751)	2,253	-	-	-	-
Motor vehicles	2,442	(1,620)	822	983	-	-	-
Art collections	25,282	(67)	25,215	118	-	-	-
Plant and equipment	23,668	(15,057)	8,611	2,216	-	-	-
Total operational assets	219,636	(29,453)	190,183	15,268	-	-	(3,779)
Infrastructural assets							
Land	7,049	-	7,049	-	-	-	-
Parks and reserves	18,736	(1,381)	17,355	-	3,375	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	333,924	-	333,924	-	8,468	-	-
Sewerage							
- treatment plant and facilities	49,552	(8,836)	40,716	-	1,388	-	-
- other	154,977	(5,788)	149,189	-	2,719	33	-
Water							
- treatment plant and facilities	17,756	(397)	17,359	-	641	-	-
- other	98,275	(2,307)	95,968	-	2,007	-	-
Stormwater	104,342	(4,117)	100,225	-	612	-	-
Flood protection & control works	-	-	-	-	-	-	-
Land under roads	41,083	-	41,083	-	-	-	-
Total infrastructural assets	827,582	(22,826)	804,756	-	19,210	33	-
Restricted assets							
Airport	771	(187)	584	-	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,482	(164)	12,318	-	295	-	-
Total restricted assets	95,690	(351)	95,339	-	295	-	-
Total Council	1,142,908	(52,630)	1,090,278	15,268	19,505	33	(3,779)

Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus / Depn writeback	Other Cost & Depn movments	Cost / revaluation 30/6/17	Accum dep'n & impairmt charges 30/6/17	Carrying amount 30/6/17
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
83	-	-	-	7,707	1,153	44,537	-	44,537
(760)	14	-	(4,997)	34,460	265	155,344	(503)	154,841
-	-	-	(1)	-	(2)	5,003	(2,753)	2,250
-	(307)	-	(259)	198	11	3,119	(1,671)	1,448
-	-	-	-	-	-	25,475	(142)	25,333
25	(55)	-	(1,701)	14	(2)	26,188	(17,080)	9,108
(652)	(348)	-	(6,958)	42,379	1,425	259,666	(22,149)	237,518
(5,527)	-	-	-	-	(1,522)	-	-	-
(270)	(71)	-	(1,304)	9	106	21,885	(2,685)	19,200
-	(44)	-	-	-	-	1,844	-	1,844
(321)	-	-	(5,139)	-	(500)	341,626	(5,194)	336,431
2,160	(1,580)	-	(2,448)	-	(170)	44,987	(4,921)	40,066
(1,435)	(1,411)	-	(2,440)	(1,207)	(4)	145,468	(24)	145,444
146	-	-	(403)	-	32	18,576	(801)	17,775
252	(7)	-	(2,248)	1	(80)	100,448	(4,556)	95,892
204	(28)	-	(2,086)	8,748	123	107,807	(10)	107,798
-	-	-	-	-	-	-	-	-
5,444	-	-	-	(574)	657	46,610	-	46,610
652	(3,141)	-	(16,069)	6,977	(1,358)	829,251	(18,190)	811,061
-	-	-	(80)	-	-	771	(267)	504
-	-	-	-	4,446	(295)	86,588	-	86,588
-	(4)	-	(166)	-	(1)	12,774	(332)	12,442
-	(4)	-	(246)	4,446	(296)	100,133	(599)	99,534
-	(3,493)	-	(23,273)	53,802	(229)	1,189,050	(40,937)	1,148,112

17: Property, plant and equipment – Group 2017

2017 Classification	Cost / revaluation 1/7/16	Accum depn & impairmt charges 1/7/16	Carrying amount 1/7/16	Current year additions	Infrastructural Assets constructed by council	Infrastructural Assets transferred to council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	37,220	-	37,220	54	-	-	(1,680)
Buildings	135,659	(10,578)	125,081	12,232	-	-	(2,099)
Library books	5,004	(2,751)	2,253	-	-	-	-
Motor vehicles	5,237	(2,373)	2,864	1,347	-	-	-
Art collections	25,282	(67)	25,215	118	-	-	-
Plant and equipment	25,312	(16,011)	9,301	2,482	-	-	-
Total operational assets	233,714	(31,780)	201,934	16,233	-	-	(3,779)
Infrastructural assets							
Land	14,204	-	14,204	-	-	-	-
Parks and reserves	18,736	(1,381)	17,355	-	3,375	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	333,924	-	333,924	-	8,468	-	-
Sewerage							
- treatment plant and facilities	49,552	(8,836)	40,716	-	1,388	-	-
- other	154,977	(5,788)	149,189	-	2,719	33	-
Water							
- treatment plant and facilities	17,756	(397)	17,359	-	641	-	-
- other	98,275	(2,307)	95,968	-	2,007	-	-
Stormwater	104,342	(4,117)	100,225	-	612	-	-
Flood protection & control works	-	-	-	-	-	-	-
Land under roads	41,083	-	41,083	-	-	-	-
Total infrastructural assets	834,737	(22,826)	811,911	-	19,210	33	-
Restricted assets							
Airport	31,305	(915)	30,390	1	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,482	(164)	12,318	-	295	-	-
Total restricted assets	126,224	(1,079)	125,145	1	295	-	-
Total Group	1,194,675	(55,685)	1,138,990	16,234	19,505	33	(3,779)

Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus / Depn writeback	Other Cost & Depn movments	Cost / revaluation 30/6/17	Accum dep'n & impairmt charges 30/6/17	Carrying amount 30/6/17
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
83	-	-	-	7,707	1,153	44,537	-	44,537
(760)	(40)	-	(5,295)	34,460	265	165,264	(1,421)	163,843
-	-	-	(1)	-	(2)	5,003	(2,753)	2,250
-	(361)	-	(683)	198	11	6,224	(2,848)	3,376
-	-	-	-	-	-	25,475	(142)	25,333
25	(55)	-	(1,863)	14	(2)	28,098	(18,196)	9,902
(652)	(456)	-	(7,842)	42,379	1,425	274,601	(25,360)	249,241
(5,527)	-	-	-	-	(1,522)	7,155	-	7,155
(270)	(71)	-	(1,304)	9	106	21,885	(2,685)	19,200
-	(44)	-	-	-	-	1,844	-	1,844
(321)	-	-	(5,139)	-	(500)	341,626	(5,194)	336,431
2,160	(1,580)	-	(2,448)	-	(170)	44,987	(4,921)	40,066
(1,435)	(1,411)	-	(2,440)	(1,207)	(4)	145,468	(24)	145,444
146	-	-	(403)	-	32	18,576	(801)	17,775
252	(7)	-	(2,248)	1	(80)	100,448	(4,556)	95,892
204	(28)	-	(2,086)	8,748	123	107,807	(10)	107,798
-	-	-	-	-	-	-	-	-
5,444	-	-	-	(574)	657	46,610	-	46,610
652	(3,141)	-	(16,069)	6,977	(1,358)	836,406	(18,190)	818,216
-	(5)	-	(1,826)	-	-	31,301	(2,741)	28,560
-	-	-	-	4,446	(295)	86,588	-	86,588
-	(4)	-	(166)	-	(1)	12,774	(332)	12,442
-	(9)	-	(1,992)	4,446	(296)	130,663	(3,073)	127,590
-	(3,606)	-	(25,903)	53,802	(229)	1,241,670	(46,622)	1,195,047

17: Property, plant and equipment – Council 2016

2016 Classification	Cost / revaluation 1/7/15	Accum depn & impairmt charges 1/7/15	Carrying amount 1/7/15	Current year additions	Infrastructural Assets constructed by council	Infrastructural Assets transferred to council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	39,839	-	39,839	388	-	-	(560)
Buildings	125,940	(5,463)	120,477	2,358	-	-	(174)
Library books	5,004	(2,750)	2,254	-	-	-	-
Motor vehicles	8,495	(4,986)	3,509	-	-	-	-
Art collections	25,050	(52)	24,998	232	-	-	-
Plant and equipment	19,931	(13,524)	6,407	2,687	-	2	-
Total operational assets	224,259	(26,775)	197,484	5,665	-	2	(734)
Infrastructural assets							
Land	7,049	-	7,049	-	-	-	-
Parks and reserves	16,803	-	16,803	-	1,966	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	355,242	(20,846)	334,396	-	6,527	-	-
Sewerage							
- treatment plant and facilities	47,821	(6,401)	41,420	-	1,115	-	-
- other	153,381	(3,423)	149,958	-	2,245	33	-
Water							
- treatment plant and facilities	17,434	-	17,434	-	342	-	-
- other	95,686	(6)	95,680	-	2,675	-	-
Stormwater	104,121	(2,036)	101,885	-	677	-	-
Flood protection & control works	-	-	-	-	-	-	-
Land under roads	41,015	-	41,015	-	68	-	-
Total infrastructural assets	840,440	(32,712)	807,528	-	15,615	33	-
Restricted assets							
Airport	771	(107)	664	-	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,424	1	12,425	58	-	-	-
Total restricted assets	95,632	(106)	95,526	58	-	-	-
Total Council	1,160,331	(59,593)	1,100,538	5,723	15,615	35	(734)

Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus / Depn writeback	Other Cost & Depn movments	Cost / revaluation 30/6/16	Accum dep'n & impairmt charges 30/6/16	Carrying amount 30/6/16
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(1,209)	(1,238)	-	-	-	-	37,220	-	37,220
	(2,104)	-	(5,210)	715	-	126,020	(9,958)	116,062
-	-	-	(1)	-	-	5,004	(2,751)	2,253
-	(6,053)	-	(275)	3,641	-	2,442	(1,620)	822
	-	-	(15)	-	-	25,282	(67)	25,215
1,209	(159)	-	(1,641)	108	-	23,668	(15,057)	8,611
-	(9,554)	-	(7,142)	4,464	-	219,636	(29,453)	190,183
-	-	-	-	-	-	7,049	-	7,049
42	(75)	-	(1,392)	8	3	18,736	(1,381)	17,355
-	-	-	-	-	-	1,888	-	1,888
(42)	(1,405)	-	(6,056)	577	(73)	333,924	-	333,924
620	(4)	-	(2,435)	-	-	49,552	(8,836)	40,716
(419)	(263)	-	(2,400)	35	-	154,977	(5,788)	149,189
-	(20)	-	(397)	-	-	17,756	(397)	17,359
-	(86)	-	(2,302)	1	-	98,275	(2,307)	95,968
(201)	(255)	-	(2,083)	2	-	104,342	(4,117)	100,225
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	41,083	-	41,083
-	(2,108)	-	(17,065)	623	(70)	827,582	(22,826)	804,756
-	-	-	(80)	-	-	771	(187)	584
-	-	-	-	-	-	82,437	-	82,437
-	-	-	(165)	-	-	12,482	(164)	12,318
-	-	-	(245)	-	-	95,690	(351)	95,339
-	(11,662)	-	(24,452)	5,087	(70)	1,142,908	(52,630)	1,090,278

17: Property, plant and equipment – Group 2016

2016 Classification	Cost / revaluation 1/7/15	Accum depn & impairmt charges 1/7/15	Carrying amount 1/7/15	Current year additions	Infrastructural Assets constructed by council	Infrastructural assets trsf'd to council	Assets transferred to held for sale
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Land	39,839	-	39,839	388	-	-	(560)
Buildings	126,177	(5,497)	120,680	2,405	-	-	(174)
Library books	5,004	(2,750)	2,254	-	-	-	-
Motor vehicles	9,054	(5,339)	3,715	40	-	-	-
Art collections	25,050	(52)	24,998	232	-	-	-
Plant and equipment	21,274	(14,401)	6,873	2,853	-	2	-
Total operational assets	226,398	(28,039)	198,359	5,918	-	2	(734)
Infrastructural assets							
Land	7,049	-	7,049	(2)	-	-	-
Parks and reserves	16,803	-	16,803	-	1,966	-	-
Recreational forests	1,888	-	1,888	-	-	-	-
Roading and footpaths	355,242	(20,846)	334,396	-	6,527	-	-
Sewerage							
- treatment plant and facilities	47,821	(6,401)	41,420	-	1,115	-	-
- other	153,381	(3,423)	149,958	-	2,245	33	-
Water							
- treatment plant and facilities	17,434	-	17,434	-	342	-	-
- other	95,686	(6)	95,680	-	2,675	-	-
Stormwater	104,121	(2,036)	101,885	-	677	-	-
Flood protection & control works	-	-	-	-	-	-	-
Land under roads	41,015	-	41,015	-	68	-	-
Total infrastructural assets	840,440	(32,712)	807,528	(2)	15,615	33	-
Restricted assets							
Airport	47,815	(107)	47,708	-	-	-	-
Land	82,437	-	82,437	-	-	-	-
Landfill	12,424	1	12,425	58	-	-	-
Total restricted assets	142,676	(106)	142,570	58	-	-	-
Total Group	1,209,514	(60,857)	1,148,457	5,974	15,615	35	(734)

Other transfers	Current year disposals	Current year impairment charges	Current year dep'n	Reval Surplus / Depn writeback	Other Cost & Depn movments	Cost / revaluation 30/6/16	Accum depn & impairmt charges 30/6/16	Carrying amount 30/6/16
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(1,209)	(1,238)	-	-	-	-	37,220	-	37,220
9,355	(2,104)	(473)	(5,323)	715	-	135,659	(10,578)	125,081
-	-	-	(1)	-	-	5,004	(2,751)	2,253
-	(3,857)	-	(758)	3,724	-	5,237	(2,373)	2,864
-	-	-	(15)	-	-	25,282	(67)	25,215
1,209	(24)	-	(1,759)	149	-	25,314	(16,011)	9,303
9,355	(7,223)	(473)	(7,856)	4,588	-	233,716	(31,780)	201,936
7,155	-	-	-	-	-	14,202	-	14,202
42	(75)	-	(1,392)	8	3	18,736	(1,381)	17,355
-	0	-	-	-	-	1,888	-	1,888
(42)	(1,405)	-	(6,056)	577	(73)	333,924	-	333,924
620	(4)	-	(2,435)	-	-	49,552	(8,836)	40,716
(419)	(263)	-	(2,400)	35	-	154,977	(5,788)	149,189
-	(20)	-	(397)	-	-	17,756	(397)	17,359
-	(86)	-	(2,302)	1	-	98,275	(2,307)	95,968
(201)	(255)	-	(2,083)	2	-	104,342	(4,117)	100,225
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	41,083	-	41,083
7,155	(2,108)	-	(17,065)	623	(70)	834,735	(22,826)	811,909
(16,510)	-	-	(808)	-	-	31,305	(915)	30,390
-	-	-	-	-	-	82,437	-	82,437
-	-	-	(165)	-	-	12,482	(164)	12,318
(16,510)	-	-	(973)	-	-	126,224	(1,079)	125,145
-	(9,331)	(473)	(25,894)	5,211	(70)	1,194,675	(55,685)	1,138,990

Core infrastructure asset disclosures

	Last Valuation Date	Replacement Cost 2017 \$000	Replacement Cost 2016 \$000
Roading and footpaths	2016	451,464	438,610
Sewerage			
- treatment plant and facilities	2015	90,962	89,367
- other	2017	252,866	274,343
Water			
- treatment plant and facilities	2015	24,840	23,581
- other	2015	199,814	194,078
Stormwater	2017	206,163	206,564
Flood protection and control works	N/A	-	-

Land (operational, restricted, and infrastructural)

The fair value of land and buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Telfer Young, and was effective as at 30 June 2017.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Telfer Young. The valuation is effective as at 30 June 2017.

Specialised buildings are valued at fair value using the depreciated replacement cost method because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2017 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There has been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs for conventional commercial buildings generally range from \$1,500 to \$3,000 per square metre, depending on the nature of the specific asset valued.
- Independent structural engineers have estimated present value costs of between \$0.8 million and \$1.2 million to strengthen the Council's earthquake-prone buildings. The mid-point of \$1.0 million has been deducted off the depreciated replacement cost.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence. Significant assumptions in the 30 June 2017 valuations include market rents and capitalisation rates.

Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

- Market rents range from \$457 to \$585 per square metre.
- Capitalisation rates are market-based rates of return and range from 7% to 7.75%.

Restrictions

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Infrastructural asset classes: sewerage, water, drainage, and roads

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method. These include:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2017 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly 'rolling' intervals. The most recent valuations are performed by Council engineers and are peer reviewed by independent valuers Beca Valuation Services Limited. The effective dates of these valuations are:

- Water reticulation system: 30 June 2015
- Wastewater reticulation system: 30 June 2017
- Wastewater: treatment plant and facilities: 30 June 2015
- Stormwater and land drainage system: 30 June 2017
- Roading network: 30 June 2016
- Parks and reserves assets: 30 June 2015

The valuation for wastewater reticulation system is included within the classification 'sewerage other'.

Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by: If an active market exists for the same or similar asset the market prices are deemed to be the fair value or If there is no active market fair value should be determined by other market based evidence adjudged by us as active and knowledgeable participants in the market. The last valuation was completed by independent valuer Art + Object and is effective 30 June 2014. There are a small number of artworks owned by the Council, but not housed in the Museum which were not revalued. The collective carrying value of these assets at 30 June 2017 is \$25.337 million.

Impairment

Impairment losses of \$nil (2016: \$1.4m) have been recognised for the year. The impairment has been recognised in the statement of comprehensive revenue and expense in the line item "impairment of plant, property and equipment".

Work in progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	2017 000's	2016 000's
Operational Assets		
Land	-	84
Buildings	8,882	1,417
Art collections	85	78
Plant and equipment	235	296
Infrastructural assets		
Parks and reserves	4,850	1,499
Roading and footpaths	1,100	1,108
Sewerage - treatment plant and facilities	2,006	2,570
Sewerage - other	4,456	4,258
Stormwater	528	443
Water - treatment plant and facilities	217	-
Water - other	831	1,912
Land under roads	26	25
Restricted assets		
Landfill	74	108
Total Work in Progress	23,290	13,798

Leasing

The net carrying amount of plant and equipment held under finance leases is \$Nil (2016: \$Nil).

18: Intangible assets

	Council		Goodwill	Terax		Total	Group
	Carbon Credits	Computer Software		Intellectual Property	Total		Total
	\$000	\$000		\$000	\$000		\$000
Cost							
Balance as at 1 July 2016	1,340	6,203	95	2,542	10,180		10,333
Additions	-	1,873	-	-	1,873		1,890
Transfers from property, plant and equipment	-	76	-	-	76		76
Disposals	(1,322)	(3)	-	(2,542)	(3,867)		(3,867)
Revaluation	-	-	-	-	-		-
Impairment	-	-	-	-	-		-
Balance as at 30 June 2017	18	8,149	95	-	8,262		8,432
Balance as at 1 July 2015	487	6,067	95	2,142	8,791		8,933
Additions	1	166	-	400	567		581
Transfers from property, plant and equipment	-	-	-	-	-		-
Disposals	(1)	(30)	-	-	(31)		(33)
Revaluation	853	-	-	-	853		853
Impairment	-	-	-	-	-		(1)
Balance as at 30 June 2016	1,340	6,203	95	2,542	10,180		10,333
Accumulated amortisation and impairment							
Balance as at 1 July 2016	-	5,562	-	-	5,562		5,657
Amortisation Charge	-	460	-	-	460		461
Disposals	-	-	-	-	-		-
Balance as at 30 June 2017	-	6,022	-	-	6,022		6,118
Balance as at 1 July 2015	-	4,957	-	-	4,957		5,049
Amortisation Charge	-	605	-	-	605		609
Disposals	-	-	-	-	-		-
Balance as at 30 June 2016	-	5,562	-	-	5,562		5,658
Carrying Amounts							
Balance as at 1 July 2015	487	1,110	95	2,142	3,834		3,884
Balance as at 30 June and 1 July 2016	1,340	641	95	2,542	4,618		4,675
Balance as at 30 June 2017	18	2,127	95	-	2,240		2,314

Carbon credits

During 2012-13, the Council acquired 75,000 carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its landfill operations. During 2016-17, the Council forfeited 9,127 carbon credit units in order to meet its 2016 calendar year carbon credits emissions liability. The Council also sold 45,402 units as, under the terms of agreement with Council's solid waste contractor, the contractor will be liable for any future carbon credit liability. At 30 June 2017, the Council's residual closing balance of 1,014 carbon credit units were revalued based on the market spot rate at balance date.

Goodwill

In May 2013, the Council purchased a Café business (the 'Museum Café'). Goodwill on acquisition was \$212,000. In 2013-14 an impairment loss of \$117,000 was recognised in the statement of comprehensive revenue and expense under "other expenses" (note 9). Due to the Museum building itself being closed to the public and subject to ongoing seismic assessments being undertaken, the operations of the café have been put on hold until further notice.

The outcome of the seismic assessments, remedial solutions offered and the Council's (yet to be determined) final decision on its preferred option, will bear a determining factor in assessing any impairment on goodwill, going forward.

Terax Intellectual Property

Terax Intellectual Property represents costs spent to date on the design and development of technology for the enhanced treatment of organic landfill waste. These costs have been written off in this year as it has been determined that this project is of no financial value.

Work in progress

Terax Intellectual Property represents costs spent to date on the design and development of technology for the enhanced treatment of organic landfill waste. These costs both incurred in the current year and those in work in progress at the beginning of the year, have been written off to the Statement of Comprehensive Income, as it has been determined that this project is of no financial value.

19: Depreciation and amortisation expenses by activity

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Directly attributable depreciation and amortisation expense by group of activity				
Community facilities	3,632	3,528	3,632	3,528
Community safety	40	51	40	51
District development	221	240	221	240
Governance	2,606	2,977	5,237	4,420
Inner city services	334	325	334	325
Open spaces and recreation	1,729	1,975	1,729	1,975
Roads and footpaths	5,180	5,956	5,180	5,956
Sewage disposal	5,026	4,988	5,026	4,988
Stormwater	2,076	2,076	2,076	2,076
Waste management	173	175	173	175
Water Supplies	2,715	2,766	2,715	2,766
Total directly attributable depreciation and amortisation by activity	23,732	25,057	26,364	26,500
Depreciation and amortisation not directly related to group of activities	-	-	-	-
Total depreciation and amortisation expense	23,732	25,057	26,364	26,500

20: Forestry assets

Council's forestry assets are recognised as recreational forests, as part of Council's operating assets. The Council owns six forestry stands located at:

- Tutukau Road – this stand measures 10 hectares of Pinus Radiata forest with a current age of 15 years.
- Near the Rotorua Landfill that measures 2.4 hectares of Pinus Radiata forest with a current age of 32 years.
- Great West Road spring reserve: 2.5 hectares of Pinus Radiata were harvested during the year, replanting is planned during the winter/spring seasons of 2017.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 27 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 14 years.
- Tokorangi Forest measures 112.2 hectares and consists of multiple species including Redwood, Douglas Fir, Pinus Radiata, Pinus Patula, Eucalyptus, Larch and Blackwood. The age of each stand of species varies, depending on year of planting, and ranges from 3 -114 years.

Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to Council from the Crown in recognition of the significant recreation resource with the valuable aesthetic and landscape features that the forest represents for the people of Rotorua, as well as its national and international visitors. There are covenants in place that restrict the licence to this effect. The majority of the forest will therefore not be managed commercially.

The land on which the forest grows is owned by the Central North Island Iwi Collective. Council has the licence to continue managing the forest for the next thirty two years.

21: Payables and deferred revenue

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Payables and deferred revenue under exchange transactions				
Trade payables and accrued expenses	7,788	5,410	9,662	7,198
Amounts due to subsidiaries and associates	2,189	1,626	2	-
Amounts due to customers for contract work	5,670	5,305	5,670	5,305
Retentions accrued for contract work	1,336	682	1,336	682
Other payables	813	758	814	758
Deposits and bonds	983	1,025	983	1,025
Water rates and grants received in advance	1,329	1,823	1,357	1,838
Accrued interest	1,479	1,899	1,479	1,899
	21,587	18,528	21,302	18,705
Payables and deferred revenue under non exchange transactions				
Taxes payable	-	-	102	111
Rates received in advance (excluding metered water)	2,419	2,394	2,419	2,394
Other grants and bequests received subject to substantive conditions not yet met	603	-	603	-
	3,022	2,394	3,124	2,505
Total creditors and other payables	24,609	20,922	24,427	21,210

Payables and deferred revenue are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables and deferred revenue approximates their fair value.

22: Borrowings

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current portion				
Registered debenture stock	5,000	20,000	5,001	21,504
LGFA borrowing	13,000		13,000	
Registered security stock	14,050	5,400	14,050	5,400
Total current portion	32,050	25,400	32,051	26,904
Non-current portion				
Registered debenture stock	35,000	40,000	35,000	40,000
LGFA borrowing	101,700	98,700	101,700	98,735
Total non-current portion	136,700	138,700	136,700	138,735
Total borrowings	168,750	164,100	168,751	165,639

Fair values of non-current borrowings

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Registered debenture stock	26,889	32,463	26,889	32,463
Registered security stock	-	-	-	-
LGFA borrowing	132,408	104,612	132,408	104,612
Derivative valuation	-	-	-	-
Total	159,297	137,075	159,297	137,075

Registered security stock

Security stock of \$14,050,000 (2016: \$5,400,000) is at floating interest rates. The interest rate is reset based on the bank bill rate plus a margin for credit risk.

Borrowing from the Local Government Funding Agency (LGFA) of \$114.7 million (\$2016: \$98.7 million) is at fixed interest rates for the term of the stock.

Registered debenture stock

Debenture stock of \$40 million (2016: \$60 million) is at fixed interest rates for the term of the stock. Debenture stock of \$14,050 million (2016: \$5.4 million) is at floating interest rates. The interest rate is reset quarterly or six monthly based on the equivalent bank bill rate plus a margin for credit risk.

Security

All Council's borrowings are secured by a floating charge over the future rate revenue of the district through the operation of a Debenture Trust Deed.

Council does not have an overdraft facility.

Treasury Policy compliance ratios

	Limit	2017	2016
Net Debt / Total Revenue [^]	< 175%	148.63%	138.17%
Net Interest / Total Revenue	<20%	6.21%	7.26%
Net Interest / Annual Rates Income	<25%	8.39%	10.06%
Liquidity [a]*	>110%	117.53%	136.60%
Liquidity [b]**	6 mths	within limit	within limit

[^] This Policy limit increases to 250% if Council attains an external long term credit rating of "A" or better.

* Liquidity [a]: external debt plus cash or near cash financial investments, plus unutilised but committed loan facilities, to existing external debt.

** Liquidity [b]: external debt plus cash or near cash financial investments, plus unutilised but committed loan facilities, less emergency risk funding of \$15 million, to equal a minimum period of forecast net cash outflow including maturing debt on a rolling basis.

The weighted average effective interest rate on borrowings is 4.36% (2016: 4.71%).

23: Employee entitlements

Current	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Payroll payables	830	741	1,645	1,499
Accrued pay	-	248	18	257
Annual leave	2,211	2,203	2,569	2,274
Long Service Leave	52	156	126	353
Sick leave	80	80	80	80
Total current	3,173	3,428	4,438	4,463

Non current	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Long Service Leave	22	24	22	24
Retirement gratuities	83	81	83	81
Total non current	105	105	105	105

The present value of retirement and long service leave obligations depend on a number of factors. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 2.25% (2016: 2.25%) and an inflation factor of 0.4% (2016: 0.4%) were used.

24: Provisions

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Current provisions are represented by:				
Weather-tightness claims	165	354	165	354
Landfill aftercare provisions	20	20	20	20
ACC accredited employers programme	-	-	74	118
Prov. grants not yet uplifted	15	15	15	15
Total current provisions	200	389	274	507
Non-current provisions are represented by:				
Landfill aftercare provision	2,166	1,810	2,166	1,810
Provision for refund of rates	69	69	69	69
Total non-current provisions	2,235	1,879	2,235	1,879

Movements for each class of provisions are as follows:

Council and Group	Restructuring \$000	Weather-tightness claims \$000	Landfill aftercare \$000	Refund of rates \$000	Grants not yet uplifted \$000	ACC Accreditation \$000
2017						
Balance 1 July 2016	-	354	1,831	69	15	117
Additional provisions made during the year	-	-	355	-	-	-
Amounts used during the year	-	(189)	-	-	-	(43)
Discount unwinding	-	-	-	-	-	-
Balance at 30 June 2017	-	165	2,186	69	15	74
2016						
Balance 1 July 2015	21	396	1,754	69	18	-
Additional provisions made during the year	-	-	77	-	-	117
Amounts used during the year	(21)	(42)	-	-	(3)	-
Discount unwinding	-	-	-	-	-	-
Balance at 30 June 2016	-	354	1,831	69	15	117

Weathertightness claims

There are currently two claims lodged with the Weathertight Homes Resolutions Service (WHRS) and the Financial Assistance Package as at 30 June 2017 (2016: three). These claims relate to weathertight issues of homes in the Rotorua area and name the Council as well as other parties. Council has recognised a provision of \$165,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

The actual costs to the Council may vary significantly from the amount of the provision currently recognised, particularly the estimations of unreported claims, which is based on historical data collected on the number of claims lodged allows assumptions to be made on the percentage of homes that experience issues that will result in a successful weathertightness claim.

Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The future management of the landfill will influence the timing of recognition of some liabilities.

- The current remaining capacity of the site is 40,000 cubic metres, with a potential to increase up to 2.360 million cubic metres.
- The estimated remaining life is 42 years.
- Estimates of the life have been made by Council's engineers based on historical and projected volume information.

The cash out flows for the landfill post-closure are expected to occur in about 16 years' time. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4.75%.

Subsequent to a Request for Proposal process, council selected a partner to work with to review the future development of the landfill site. Due to identified financial, environmental and health and safety risks with the landfill, Council and Waste Management New Zealand Ltd are looking to cap and seal the current landfill stages by early 2018 after constructing a transfer station on-site to act as a collection point for the District waste before being bulk loaded to another waste disposal facility. The landfill has potential airspace capacity for more stages, however the investment required to develop additional stages is subject to further study with regards to the viability of the landfill as a regional facility. The landfill aftercare provision does not reflect the Request for Proposal implications, due to their current uncertainty.

Refund of rates

This provision primarily relates to a provision for historical errors for rates charged in prior years.

25: Equity

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Accumulated Funds				
Balance at 1 July	723,323	729,554	723,324	729,646
Net surplus/(deficit)	(6,820)	(4,390)	(6,140)	(4,481)
Transfers from asset revaluation reserves on PPE & Intangible asset disposal	1,216	2,004	1,216	2,004
Transfers (to)/from self funding reserve	74	(219)	74	(219)
Transfer (to)/from council created reserve	(7)	8	(7)	8
Transfer (to)/from restricted reserve	(126)	(3,634)	(126)	(3,634)
Balance at 30 June	717,660	723,323	718,341	723,324

Self-funding reserves

Self-funding reserves are reserves established at Council's will for activities that will generate enough revenue over time to cover the cost of their operation. The reserves balances represent accumulated balances to date of such activities.

	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned/ charged to 30/06/17	Transfer to accumulated funds	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000	\$000
Council and Group 2017						
Pensioner housing	1,631	220	(295)	-	-	1,557
Total self funding reserves	1,631	220	(295)	-	-	1,557

	Opening balance 01/07/15	Deposits	Withdrawals	Interest earned/ charged to 30/06/16	Transfer to accumulated funds	Closing balance 30/06/16
	\$000	\$000	\$000	\$000	\$000	\$000
Council and Group 2016						
Pensioner housing	1,412	270	(51)	-	-	1,631
Total self funding reserves	1,412	270	(51)	-	-	1,631

Council created reserves

Council created reserves are established by Council resolution. Transfers to and from these reserves is at the discretion of Council.

	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned/ charged to 30/06/17	Transfer to accumulated funds	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000	\$000
Council and Group 2017						
Reporoa Domain	73	5	-	-	-	78
Waikite Domain	19	2	-	-	-	21
Total Council created reserves	92	7	-	-	-	99
Council and Group 2016						
	\$000	\$000	\$000	\$000	\$000	\$000
Reporoa Domain	74	-	(1)	-	-	73
Waikite Domain	26	-	(7)	-	-	19
Total Council created reserves	100	-	(8)	-	-	92

The Reporoa and Waikite Domain reserves were established to account for the domain board committee current account balances. These were established when the Reserves Act came into effect. The reserve recognises a future call on funding towards improvements to various categories of capital assets; for example the Waikite Domain reserve assists with development of the Waikite Hot Pools.

Restricted reserves

Restricted reserves are subject to specific conditions set either by legislation, trust or bequests and the purpose may not be changed without reference to the courts of a third party.

	Opening balance 01/07/16	Deposits	Withdrawals	Interest earned/ charged to 30/06/17	Closing balance 30/06/17
	\$000	\$000	\$000	\$000	\$000
Council and Group 2017					
Te Arawa Lakes Enhancement Reserve	3,505		(187)	-	3,319
Reserves development	1,909	312	-	-	2,221
Creative NZ Reserve	22	1	-	-	23
Total Restricted Reserves	5,436	313	(187)	-	5,562

	Opening balance 01/07/15	Deposits	Withdrawals	Interest earned/ charged to 30/06/16	Closing balance 30/06/16
	\$000	\$000	\$000	\$000	\$000
Council and Group 2016					
Te Arawa Lakes Enhancement Reserve	-	3,505	-	-	3,505
Reserves development	1,780	129	-	-	1,909
Creative NZ Reserve	22	-	-	-	22
Total Restricted Reserves	1,802	3,634	-	-	5,436

Restrictions

Te Arawa Lakes Enhancement Reserve – Committed funding received from the Ministry for the Environment towards various Te Arawa Lakes Enhancement projects.

Reserve development – Section 108 of the Resource Management Act 1991 requires funds to be set aside for the development of reserves.

Creative NZ Reserve – Funds held and used in accordance with the policies of organisations external to Council; for example RLC allocates funds on behalf of Creative New Zealand on application for funding. Funding rounds occur approximately two times per year dependent on funds.

Cashflow hedge reserve

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	(390)	(192)	(390)	(192)
Valuations gains / (losses) taken to equity	144	(198)	144	(198)
Closing balance	(246)	(390)	(246)	(390)

Fair value through equity reserve

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Opening balance	87	135	87	43
Transfers to accumulated funds	-	-	-	-
Valuations gains / (losses) taken to equity	702	(48)	23	44
Closing balance	789	87	110	87

Asset revaluation reserves - Plant, Property, Equipment 2017

Council and Group	2017 asset revaluation reserve for each asset class consist of							
	Opening balance 01/07/16 \$000	Transfers relating to prior period \$000	Transfers between asset classes \$000	Revaluation gains / (losses) during year \$000	Reval trfr to accum funds due to trfrs between classes/ impairment \$000	Transfer to accumulated funds on disposal \$000	Other transfers \$000	Closing balance 30/06/17 \$000
2017								
Art collections	18,537	-	-	-	-	-	-	18,537
Buildings	13,475	-	-	35,115	-	(7)	-	48,583
Land - operational	-	-	-	7,174	-	-	-	7,174
Land - restricted	-	-	-	4,446	-	-	-	4,446
Landfill	7,222	-	-	(663)	-	(191)	-	6,368
Library books	335	-	-	-	-	-	-	335
Parks and reserves	2,041	-	-	-	-	(11)	-	2,030
Roading and footpaths	102,984	-	-	-	-	-	-	102,984
Stormwater	50,958	-	-	9,147	-	(342)	-	59,763
Sewerage - other	6,923	-	-	(1,446)	-	208	-	5,685
Water - other	41,646	-	-	-	-	(4)	-	41,642
TOTAL	244,121	-	-	53,773	-	(347)	-	297,547

Asset revaluation reserves - Plant, Property, Equipment 2016

Council and Group	2016 asset revaluation reserve for each asset class consist of							
	Opening balance 01/07/15	Transfers relating to prior period	Transfers between asset classes	Revaluation gains / (losses) during year	Reval trfr to accum funds due to trfrs between classes/ impairment	Transfer to accumulated funds on disposal	Other transfers	Closing balance 30/06/16
2016	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Art collections	18,537	-	-	-	-	-	-	18,537
Buildings	15,290	-	-	-	-	(1,815)	-	13,475
Landfill	7,222	-	-	-	-	-	-	7,222
Library books	334	-	-	-	-	1	-	335
Parks and reserves	2,069	-	-	-	-	(28)	-	2,041
Roading and footpaths	102,480	-	-	484	-	462	-	102,984
Stormwater	51,047	-	-	-	-	(89)	-	50,958
Sewerage - other	6,950	-	-	-	-	(27)	-	6,923
Water - other	41,704	-	-	-	-	(58)	-	41,646
TOTAL	245,641	-	-	484	-	(2,004)	-	244,121

Asset revaluation reserves - Intangibles

Council and Group	Opening balance 01/07/16	Revaluation gains / (losses) during year	Transfer to accumulated funds on disposal	Closing balance 30/06/17
	\$000	\$000	\$000	\$000
2017				
Carbon credits	896	(10)	(870)	16
TOTAL	896	(10)	(870)	16

Council and Group	Opening balance 01/07/15	Revaluation gains / (losses) during year	Transfer to accumulated funds on disposal	Closing balance 30/06/16
	\$000	\$000	\$000	\$000
2016				
Carbon credits	298	598	-	896
TOTAL	298	598	-	896

26: Reconciliation of net surplus (deficit) after tax to net cash flow from operating activities

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Surplus/(deficit) after tax	(6,820)	(4,390)	(6,141)	(4,481)
Add/(less) non cash items:			-	
Depreciation	23,273	24,452	25,905	25,898
Amortisation	460	605	460	608
Impairment of PPE/intangibles assets	-	1,400	-	1,873
Impairment of accounts receivable	308	79	308	79
Impairment of asset held for sale	-	-	-	-
Vested assets and assets recognised for first time	(33)	(34)	(33)	(34)
(Gains)/losses in fair value of forestry assets				
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	3,173	1,655	3,173	1,660
(Gains)/losses on disposal of Intangibles	2,542	-	2,542	32
Movement in capital creditors	(2,494)	(3,065)	(2,494)	(3,065)
(Gains)/losses in fair value of derivatives	-	-	-	-
(Gains)/losses in fair value of investments	36	479	96	(328)
Add/(less) movements in working capital items:			-	
Debtors and other receivables	(3,559)	(2,329)	(717)	(2,532)
Inventories	330	741	338	(123)
Creditors and other payables	3,687	4,029	638	3,393
Provision for taxation	-	-	-	49
Provisions	166	11	183	129
Employee Benefits	(255)	(1,873)	(25)	(895)
Net cash inflow/(outflow) from operating activities	20,814	21,760	24,233	22,263

27: Capital commitments and operating leases

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Capital commitments				
Buildings	5,558	1,668	5,558	1,668
Parks and Reserves	1,159	850	1,159	850
Roading	9,982	12,265	9,982	12,265
Stormwater	27	13	27	13
Wastewater - other	914	1,428	914	1,428
Wastewater treatment	667	772	667	772
Water other	84	293	84	293
Water treatment	41	-	41	-
Intangibles	965	39	965	39
Plant and Equipment	973	183	1,126	183
Vehicles	135	-	135	-
Total capital commitments	20,505	17,511	20,658	17,511

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

The Council and group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not later than one year	354	621	705	681
Later than one year and not later than two years	199	469	284	469
Later than two years and not later than five years	490	901	640	1,171
Later than five years	1,029	2,559	1,029	2,559
Total non cancellable operating lease commitments as lessee	2,073	4,550	2,659	4,880
Total commitments	22,578	22,061	23,317	22,391

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2016: \$Nil).

In general, leases can be renewed at the Group's option, with rents set by reference to current market rates for items of equivalent age and condition. For some lease agreements the Group has the option to purchase the asset at the end of the lease term.

For the majority of lease agreements, there are no restrictions placed on the Group by any of the leasing arrangements.

Operating leases as lessor

The Council leases land, buildings, parks, reserve land and commercial premises under operating leases. The majority of these leases have a non-cancellable term of 120 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not later than one year	1,152	1,558	1,152	1,558
Later than one year and not later than two years	653	1,185	653	1,185
Later than two years and not later than five years	1,311	2,014	1,311	2,014
Later than five years	3,007	4,453	3,007	4,453
Total non cancellable operating leases as lessor	6,123	9,210	6,123	9,210

No contingent rents have been recognised during the period.

28: Contingencies

Contingent liabilities

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Financial Guarantees				
Guarantees to community and sporting groups	83	97	83	97
Performance Bond				
Performance bond BNZ on behalf of Tourism Rotorua	-	235	-	235
Suspensory Loan				
Housing New Zealand Corporation suspensory loan	1,532	1,532	1,532	1,532
Legal proceedings				
The Group's effective exposure to legal claims	481	750	481	750
Total contingent liabilities	2,096	2,614	2,096	2,614

Financial guarantees

The value of the guarantees disclosed as contingent liabilities reflects the Group's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of financial position.

Performance Bond

Council, being a member of Travel Agents Association of New Zealand (TAANZ), has in the past been required to enter into a Deed of Indemnity to provide some protection for members of the public against any possible default by members of TAANZ in accounting for monies received for the purpose of travel and/or accommodation deposits, bookings or reservations. This bonding scheme with TAANZ required Council to provide through the BNZ a letter of credit of \$235,000 as security for the Deed of Indemnity. This is no longer required.

Suspensory Loan

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the principal, including interest and costs, provided the Council meets the conditions of the loan during a 20 year period commencing December 2005. The loan is secured by first ranking mortgage over the land.

Legal proceedings

The Council is currently facing six legal claims (2016: four). An estimate of Council's share of exposure is \$481,000 (2016: \$750,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

Unquantified claims

As disclosed in note 24, a provision of \$165,000 (2016: \$353,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$75,000 (2016: \$150,000) being Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Rotorua District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 16 of which are located within Rotorua. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

RiskPool provides public liability and professional indemnity for its members, of which Council is no longer a member. The trust deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members in relation to that fund year. No further calls for additional contributions have occurred since 2012-2013 (the year Council exited Riskpool), and RiskPool have advised that, at time of publication of this report, there will be no need to make a call on funds for the fund years, up to the year Council exited the scheme. However, it is possible that further calls could still be made relating to those prior fund years, and a liability will be recognised for the future calls when there is more certainty over the amount of the calls.

The Council is a participating employer in the National Provident Fund (NPF) Defined Benefit Plan Contributors Scheme ("the Scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Council could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the Council could be responsible for an increased share of the deficit.

As at 31 March 2017 the Scheme had a past service surplus of \$7.95 million (106.2% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

The Actuary to the scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AA+.

As at 30 June 2017, the Council is one of 30 local authority shareholders and 14 local authority guarantors of the LGFA. Together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2017, the LGFA had borrowings totalling \$7.9 billion (2016: \$6.44 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

Loan guarantees	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Rotorua Badminton Club Incorporated	30	34	30	34
Rotorua Hockey Trust & BOP Hockey Association	108	122	108	122
Total	138	156	138	156

The Council operates a scheme whereby sports clubs are able to construct facilities (eg club rooms) on reserve land. The clubs control the use of these facilities and the Council will only gain control of the asset if the club either vacates the facility, or defaults on the council-guaranteed loan. Until this event occurs, these assets are not recognised as assets in the Statement of financial position.

As at 30 June 2017 there are two facilities with a book value of \$138,000 (2016: \$156,000).

Suspensory Loans	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Reporoa College	-	10	-	10
St Chads	-	3	-	3
John Paul College	55	75	55	75
Rotorua Kartsport Development	-	30	-	30
Total	55	118	55	118
Total contingent assets	193	274	193	274

29: Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have otherwise adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

	Council	
	2017	2016
Key management personnel compensation	\$000	\$000
Salaries and other short term employee benefits	1,227	1,200
Other long-term benefits	32	37
Termination benefits	127	-
Councillors Salaries	646	680
Total group key management remuneration	2,032	1,917
Total full-time equivalent personnel	18	18

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

30: Remuneration

Chief Executive's remuneration

The Chief Executive of Rotorua Lakes Council is appointed under Part 4, section 42 of the Local Government Act 2002. The Chief Executive received the following remuneration:

	Council	
	2017	2016
	\$	\$
Salary	325,477	314,952
Vehicle (including FBT)	13,105	-
	338,582	314,952
Other Benefits		
Professional Association Fees	275	275
Superannuation	-	-
	275	275
Total normal remuneration	338,857	315,227
Plus: Severance payment	-	-
Payment for accrued leave on cessation	-	-
Total amount paid	338,857	315,227

Elected representatives

Elected representatives received the following remuneration:

	Honoraria	Hearing fees	Total	Total
	2017	2017	2017	2016
	\$	\$	\$	\$
Mayor				
Chadwick S (Mayor)	128,415	-	128,415	126,029
Chadwick S (Mayor) – Mayor's vehicle	3,654	-	3,654	3,654
Councillors				
Bentley P	44,351	375	44,726	43,542
Donaldson D	57,514	-	57,514	52,040
Gould M	44,351	681	45,032	43,542
Hunt K	51,084	3,167	54,251	46,466
Kent R	44,351	150	44,501	43,542
Maxwell T H	48,045	-	48,045	45,666
McVicker M (resigned 17/10/16)	14,173	-	14,173	43,542
Raukawa-Tait M	52,396	-	52,396	49,916
Searancke G P (resigned 17/10/16)	14,173	-	14,173	44,070
Sturt C W	51,084	-	51,084	45,666
Tapsell T	50,428	-	50,428	43,542
Wepa J G (resigned 17/10/16)	16,141	750	16,891	50,436
Kumar R (elected 21/11/16)	26,060	-	26,060	-
Total Councillor remuneration	646,220	5,123	651,343	681,653
Rotorua Lakes/Rural Community Boards	80,176	-	80,176	27,500
Total Elected Members' remuneration	726,396	5,123	731,519	709,153

The monetary remuneration consists of honoraria (honorarium includes \$1,050 communication allowance) and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2016-17. Professional indemnity and trustee liability insurance is also provided to the councillors against any potential legal litigation which may occur while undertaking Council business.

Council employees

	Total 2017
Total annual remuneration by band for employees as at 30 June:	
< \$60,000	193
\$60,000 - \$79,999	96
\$80,000 - \$99,999	58
\$100,000 - \$119,999	19
\$120,000 - \$139,999	6
\$140,000 - \$179,999	7
\$180,000 - \$199,999	6
>\$200,000	6
Total employees	391

	Total 2016
Total annual remuneration by band for employees as at 30 June:	
< \$60,000	274
\$60,000 - \$79,999	102
\$80,000 - \$99,999	45
\$100,000 - \$119,999	14
\$120,000 - \$139,999	9
\$140,000 - \$159,999	6
\$160,000 - \$199,999	10
>\$200,000	4
Total employees	464

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 314 (2016: 318) full-time employees, with the balance of staff representing 46.15 (2016: 88.03) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

31: Severance payments

During the year the Council made four severance payments consisting of: \$126,933, \$10,000, \$7,000 and \$4,000 (2016: four payments consisting \$40,000; \$920; \$1,250, and \$7,000).

32: Agency relationships

Council is involved in administering expenditure and revenue on behalf of other organisations as follows:

These agency transactions have not been included in Council's current year operating results. Council has, however, included the net movement in agency debtors and creditors in its Statement of cashflows, and included the Council's asset or liability in relation to the agencies in its Statement of financial position. Council derives commission revenue to compensate for the cost of administration.

Petrol tax

	2017	Percentage	2016	Percentage
The Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June	\$000	%	\$000	%
Kawerau District Council	66	2.3%	62	2.3%
Opotiki District Council	72	2.5%	64	2.4%
Rotorua District Council	587	20.1%	525	19.4%
Taupo District Council	443	15.2%	424	15.6%
Tauranga City Council	1,007	34.5%	937	34.6%
Western BOP District Council	451	15.4%	421	15.5%
Whakatane District Council	293	10.0%	278	10.2%
Total tax distributable to councils	2,919	100%	2,711	100%

State Highways administration

	2017	2016
	\$000	\$000
Expenditure on State Highways roading network	580	664
(Reimbursed from New Zealand Transport Agency and Whakatane District Council)		

Regional Council rates

	2017	2016
	\$000	\$000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	8,850	8,136
	8,850	8,136

33: Financial instruments

33A: Financial instrument categories

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
FINANCIAL ASSETS				
Loans and receivables				
Total cash and cash equivalents (including short term deposits 3 mths or less)	1,808	8,887	4,174	9,523
Debtors and other receivables (including community loans)	27,856	24,548	11,175	8,919
Borrower Notes	1,819	1,579	1,819	1,579
Total loans and receivables	31,483	35,014	17,168	20,021
Fair value through other comprehensive income				
Unlisted shares	33,131	32,174	495	471
Total financial assets	64,614	67,188	17,663	20,492
FINANCIAL LIABILITIES				
Financial liabilities				
Creditors and other payables	20,258	20,922	20,047	21,210
Borrowings:				
Registered debenture stock	40,000	60,000	40,001	61,504
Registered security stock	14,050	5,400	14,050	5,400
LGFA borrowings	101,700	98,700	101,700	98,735
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	246	390	246	390
Total financial liabilities at amortised cost	176,253	185,412	176,043	187,239

33B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of financial position:

	Total	Quoted market price	Valuation technique	Significant non-
	\$000	\$000	observable inputs	observable inputs
			\$000	\$000
30 June 2017 Council				
Financial assets				
Borrower Notes	1,819	-	1,819	-
Shares	33,131	-	-	33,131
Financial liabilities				
Registered debenture stock	40,000	-	40,000	-
Registered security stock	15,050	-	15,050	-
LGFA borrowings	113,700	-	113,700	-
Derivatives	246	-	246	-
30 June 2017 Group				
Financial assets				
Borrower Notes	1,819	-	1,819	-
Shares	495	-	-	495
Financial liabilities				
Registered debenture stock	40,000	-	40,000	-
Registered security stock	15,050	-	15,050	-
LGFA borrowings	113,700	-	113,700	-
Derivatives	246	-	246	-
30 June 2016 Council				
Financial assets				
Borrower notes	1,579	-	1,579	-
Shares	32,174	-	-	32,174
Financial liabilities				
Registered debenture stock	60,000	-	60,000	-
Registered security stock	5,400	-	5,400	-
LGFA borrowings	98,700	-	98,700	-
Derivatives	390	-	390	-
30 June 2016 Group				
Financial assets				
Borrower notes	1,579	-	1,579	-
Shares	471	-	-	471
Financial liabilities				
Registered debenture stock	61,504	-	61,504	-
Registered security stock	5,400	-	5,400	-
LGFA borrowings	98,735	-	98,735	-
Derivatives	390	-	390	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Balances 1 July	32,174	2,322	471	458
Capital Movement	532	30,679		
Change in Fair Value of Investment	702	(48)	23	44
Gains and losses recognised in other comprehensive income	(277)	(779)	1	(31)
Balance at 30 June	33,131	32,174	495	471

Any hedging must be approved by council.

33C: Financial instrument risks

Council has a series of policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Council has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. At present the Council is not exposed to any equity securities price risk as the Council holds no listed equity instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which require it to enter into transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

Interest rate risk

The interest rate risk comprises:

- Fair value interest rate risk: the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose the Council to fair value interest rate risk.
- Cash flow interest rate risk: the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rate expose the Council to cash flow interest rate risk.

To manage these risks the council's current fixed rate maturity profile limits are:

Term of exposure	Minimum	Maximum
	Fixed Rate Exposure	Fixed Rate Exposure
Year 1	50%	100%
Years 2 and 3	30%	80%
Year 4	15%	60%
Year 5 to Year 10	0%	50%
Year 11 and over	Any hedging must be approved by Council	

Notes 13 and 22 provide information on term loan interest rates, maturity profile and derivatives.

At year end the Council has one interest rate risk management instrument in place.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council causing the Council to incur a loss.

Financial instruments which potentially subject the Council to credit risk consist of bank balances, term deposits, rates and other receivables, community loans.

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

Maximum exposure to credit risk

The Council's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at Bank and term deposits	1,808	8,887	4,174	9,523
Debtors and other receivables (including community loans)	27,856	24,548	11,175	8,919
Borrower Notes	1,819	1,579	1,819	1,579
Unlisted shares	33,131	32,174	495	471
Financial guarantees	83	97	83	97
Total	64,697	67,285	17,746	20,589

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poors' credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Counterparties with credit ratings				
Cash at bank and term deposits (AA-)	1,808	8,887	4,174	9,523
Total cash at bank and term deposits	1,808	8,887	4,174	9,523
Borrower notes (AA+/A-1)	1,819	1,579	1,819	1,579
Total Borrower notes	1,819	1,579	1,819	1,579
Counterparties without credit ratings				
Unlisted shares	33,131	32,174	495	472
Total unlisted shares	33,131	32,174	495	472
Community and related party loans				
Existing counterparty with no defaults in the past	14,333	16,248	213	248
Total community and related party loans	14,333	16,248	213	248

Debtors and other receivables mainly arise from Council's statutory function. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk with respect to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's Long Term planning process.

Council has a maximum amount that can be drawn down against its bank facilities of \$40 million (2016: \$55 million). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Liability carrying amount	Contractual cashflows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2017						
Creditors and payables	20,258	20,258	20,258	-	-	-
Registered debenture stock	40,000	45,787	5,077	10,742	17,211	12,757
Registered security stock	14,050	14,823	14,823	-	-	-
LGFA borrowings	101,700	135,574	13,326	35,699	35,670	50,879
Derivatives	246	390	390	-	-	-
Total	176,253	216,832	53,874	46,441	52,881	63,636
Group 2017						
Creditors and payables	20,047	20,047	20,047	-	-	-
Registered debenture stock	40,001	47,450	5,130	10,795	18,768	12,757
Registered security stock	15,050	14,823	14,823	-	-	-
LGFA borrowings	101,700	135,574	13,326	35,699	35,670	50,879
Derivatives	246	390	390	-	-	-
Total	176,043	218,284	53,716	46,494	54,438	63,636
Council 2016						
Creditors and payables	20,922	20,922	20,922	-	-	-
Registered debenture stock	60,000	68,514	20,700	5,280	29,251	13,283
Registered security stock	5,400	5,408	5,408	-	-	-
LGFA borrowings	98,700	118,297	-	12,968	62,430	42,899
Derivatives	390	390	390	-	-	-
Total	185,412	213,531	47,420	18,248	91,681	56,182
Group 2016						
Creditors and payables	21,210	21,210	21,210	-	-	-
Registered debenture stock	61,504	70,177	20,753	5,333	30,808	13,283
Registered security stock	5,400	5,408	5,408	-	-	-
LGFA borrowings	98,735	118,297	-	12,968	62,430	42,899
Derivatives	390	390	390	-	-	-
Total	187,238	215,482	47,761	18,301	93,238	56,182

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2017						
Cash and cash equivalents (including short term deposits 3 months or less)	1,808	1,808	1,808	-	-	-
Debtors and other receivables	27,856	27,856	27,856	-	-	-
Other financial assets						
Borrower notes	1,819	1,819	192	528	480	619
Unlisted shares	33,131	33,131	33,131	-	-	-
Total	64,614	64,614	62,987	528	480	619

Group 2017

Cash and cash equivalents (including short term deposits 3 months or less)	4,174	4,174	4,174	-	-	-
Debtors and other receivables	11,175	11,175	11,175	-	-	-
Other financial assets						
Borrower notes	1,819	1,819	192	528	480	619
Unlisted shares	495	495	495	-	-	-
Total	17,663	17,663	17,663	528	480	619

Council 2016

Cash and cash equivalents (including short term deposits 3 months or less)	8,887	8,887	8,887	-	-	-
Debtors and other receivables	24,548	24,548	24,548	-	-	-
Other financial assets						
Borrower notes	1,579	1,867	64	332	1,043	428
Unlisted shares	32,174	32,174	32,174	-	-	-
Total	67,188	67,476	65,673	332	1,043	428

Group 2016

Cash and cash equivalents (including short term deposits 3 months or less)	9,523	9,523	9,523	-	-	-
Debtors and other receivables	24,919	24,919	24,919	-	-	-
Other financial assets						
Borrower notes	1,579	1,867	64	332	1,043	428
Unlisted shares	32,174	32,174	32,174	-	-	-
Total	68,195	68,483	66,680	332	1,043	428

Sensitivity analysis

The following table illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council and group's financial instrument exposures at the balance date.

Council	2017				2016			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(18)		18		(89)		89	
Derivatives (hedge accounted)								
Financial liabilities								
Derivatives (hedge accounted)		(127)		124		(227)		220
Borrowings:								
- Debenture Stock	89		(89)		84		(84)	
- Security Stock	129		(129)		52		(52)	
Total sensitivity	200	(127)	(200)	124	47	(227)	(47)	220

Group	2017				2016			
	\$000				\$000			
	-100bps		+100bps		-100bps		+100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Financial assets								
Cash and cash equivalents	(42)	-	42	-	(95)	-	95	-
Derivatives (hedge accounted)								
Financial liabilities								
Derivatives (hedge accounted)	-	(127)	-	124	-	(227)	-	220
Borrowings:								
- Debenture Stock	89	-	(89)	-	84	-	(84)	-
- Security Stock	129	-	(129)	-	52	-	(52)	-
Total sensitivity	176	(127)	(176)	124	40	(227)	(40)	220

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis point (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps (2016: -100bps/+100bps) provided by Bancorp Treasury.

Explanation of other price risk sensitivity

The sensitivity for listed shares has been calculated based on a -10%/+10% (2016: -10%/+10%) movement in the quoted bid share price at year end for the listed shares.

34: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The council has the following Council-created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

35: Additional explanation of major variances against budget

Statement of comprehensive revenue

Rotorua Lakes Council recorded a deficit of \$6.82 million compared to a budgeted surplus of \$85 thousand. The major reasons for the negative variance between actual and budgeted result of \$6.9 million are discussed below:

Revenue

Overall revenue was higher than budget by \$4 million due to the following:

- Rates - \$0.8 million favourable due to a higher collection of general rates, and less remission on rates penalties than envisaged.
- Subsidies and grants - \$3.5 million favourable due to capital subsidies of \$2.4 received for the Library Health hub project which were budgeted for in the following year but brought forward with the project tracking ahead of schedule. Additional operational subsidies were also received during the year for Council run events and subsidised transport projects.
- Other revenue was \$0.8 million unfavourable primarily due to the closure of the museum leading up to the peak season resulting in admission fees for the year being well below budget. Parking prosecution fees were also unfavourable against budget. Consenting fees were .05 million favourable to budget due to the increased demand for consents.

Expenditure

Overall operating expenditure was higher than budget by \$11m due to the following:

- Loss on disposal/impairment of plant, property and equipment - \$6 million unfavourable due to an unbudgeted \$5.5 million write down of the carrying value of the Terax project capital costs. A conservative approach was taken to write these costs off due to the uncertainty of the project's future.
- Depreciation expense was favourable by \$1.5m due to depreciation being down from the prior year expense. The majority of the decrease relates to a reduction in roading assets where the assets have reached their residual value and are no longer depreciated.
- Other expenses -\$8.6 million unfavourable due to \$1.8m of additional costs associated with the transition to the new waste collection and the issues at the landfill. \$1m of costs related to capital projects such as demolition costs and feasibility studies also had to be expensed. Council run events expenditure was \$0.09 million higher than budget though this was offset by additional subsidies as explained above. The expenditure for subsidised roads was \$0.6m higher than budget though this was also offset by additional subsidies.

Other comprehensive revenue and expenses was \$27.5m favourable against budget primarily due to the revaluation of council's building assets. This is a non-cash movement reflecting the increased value of the property market.

Statement of financial position

Overall Net assets of \$1.022 billion are close to the budgeted amount of \$1.025 billion. Significant variances are as follows:

Current Assets

- Debtors and other receivables higher than budget by \$8 million which is due to a significant contribution due from the DHB towards their share of the upgrade to the library building and for land fill charges now due from an external contractor (previously intragroup).
- Non-current assets held for sale were \$3.8 million higher than budget reflecting residential and commercial property that is now surplus to Council requirements.

Non-current assets

- Noncurrent assets are lower than budgeted by \$8 million due to \$3.5 million of assets being sold during the year and \$3.8m of assets re-categorised to "assets held for sale".
- Investments in CCO's are higher than budget reflecting the gains made by Rotorua Regional Airport Ltd and InfraCore Ltd (formerly Rotorua Contracting Ltd).

- Investments in other entities higher than budget due to the increase in holdings of Local Government Funding Authority borrower notes.

Current liabilities

- Payables and deferred revenue are higher than budget due to the increase in operating activity over the 2016-17 year and the high completion of capital project work in June that will be due for payment in July.
- Employee entitlements lower than budget due to the transfer of employee liabilities for Rotorua Economic Development employees over to the CCO.
- The total of current and non-current borrowings is \$4.6 million higher than budget due to funding capital expenditure earlier than planned for the library health hub project (\$3m) and the acquisition of the museum offsite storage which was not previously budgeted (\$1.4m).

Non-current liabilities

- Non-current borrowings lower than budget due to more debt being held shorter term.

36: Joint Ventures

1. Terax 2013 Ltd

The Council's participatory interest in the Terax 2013 Ltd Joint venture is accounted for as a jointly controlled entity. The joint venture agreement incorporates ownership on a 50-50 basis between Rotorua District Council and New Zealand Forest Research Institute.

The Council's interests in this jointly controlled entity are as follows:

	Council and Group	
	\$000 2017	\$000 2016
Current assets	103	268
Non-current assets	-	-
Current liabilities	102	270
Non-current liabilities	-	-
Income	546	496
Expenses	542	496
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	-	-
Share of joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-

2. Terax Limited Partnership

The Council's interest in the Terax Limited Partnership Joint venture is accounted for as a jointly controlled entity. The joint venture partnership agreement incorporates ownership on a 50-50 basis between Rotorua District Council and New Zealand Forest Research Institute.

The Council's interests in this jointly controlled entity are as follows:

	Council and Group	
	\$000 2017	\$000 2016
Current assets	352	421
Non-current assets	145	112
Current liabilities	66	150
Non-current liabilities	-	-
Income	5	3
Expenses	555	625
Group's interest	50%	50%
Council's capital commitments in relation to the joint venture	-	-
Share of joint venture's commitments	-	-
Council's contingent liabilities in relation to the joint venture	-	-
Share of joint venture's contingent liabilities	-	-
Other ventures' contingent liabilities the Council is liable for	-	-

37: Insurance

Rotorua Lakes Council is part of a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best process and cover.

As at the end of the financial year, Council had the following insurance cover in place. These policies are due for renewal on 1 November 2017:

Material Damage \$615,104,372

The Council's Material Damage programme is split into two policies, one including Fire losses and one excluding Fire Losses. The Excluding Fire loss policy is based on a full replacement basis and the policy limit is the replacement value of your assets as declared. The Fire Policy has a policy limit of \$70,000,000 for each and every loss, and in the annual aggregate.

Fine Arts \$40,320,000

This cover is for the total replacement value of art and artefacts owned by Council.

Commercial Motor Vehicles \$2,917,738

Motor insurance up to the market value of each individual vehicle.

Infrastructure \$690,512,000

This policy provides cover for 40% of the loss, with the remaining 60% of the loss to be funded by Central Government. The overall limits on this policy for the group have been increased to \$500,000,000, with Rotorua having a sublimit of \$250,000,000.

Business Interruption \$3,867,000

\$3.867 million of cover provided for loss of rents revenue and receivable. A shared \$8 million Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council.

Self-insured Assets

Council senior managers/engineers have determined on a risk based and cost benefit approach to self-insure certain types of assets, where return to full service capability can be managed over time without a significant impact on the community. Such assets with significant value include roading and rural stormwater assets.

38: Events after balance date

There were no significant events after balance date.

Funding Impact Statement for 2016/2017 (Whole of Council)

	2015/16 Annual Plan (\$'000)	2015/16 Annual Report (\$'000)	2016/17 Annual Plan (\$'000)	2016/17 Actual (\$'000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	47,019	48,418	48,304	49,726
Targeted rates	32,362	31,840	33,122	32,505
Subsidies and grants for operating purposes	3,236	3,237	3,636	4,763
Fees and charges	6,635	6,502	7,902	6,629
Interest and dividends from Investment	50	614	100	107
Local authorities fuel tax, fines, infringement fees and other receipts	13,362	15,963	10,326	10,528
Total operating funding (A)	102,664	106,574	103,390	104,258
Applications of operating funding				
Payments to staff and suppliers	75,295	77,513	74,527	80,782
Finance costs	8,291	8,322	7,570	7,005
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	83,586	85,835	82,097	87,787
Surplus (deficit) of operating funding (A - B)	19,078	20,740	21,293	16,471
Sources of capital funding				
Subsidies and grants for capital expenditure	6,727	3,807	4,014	6,396
Development and financial contributions	-	133	-	328
Increase (decrease) in debt	7,000	(3,400)	-	4,650
Gross proceeds from sale of assets	1,000	4,589	1,025	2,278
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	14,727	5,129	5,039	13,652
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	13,540	10,293	8,119	15,078
- to replace existing assets	20,818	11,546	21,481	21,292
Increase (decrease) in reserves	(553)	2,911	(3,268)	(6,486)
Increase (decrease) in investments	-	1,119	-	240
Total applications of capital funding (D)	33,805	25,869	26,332	30,124
Surplus (deficit) of capital funding (C - D)	(19,078)	(20,740)	(21,293)	(16,472)
Funding balance ((A - B) + (C - D))	-	-	-	-







Rotorua Regional Airport Limited

Overview

Rotorua Regional Airport Limited is a limited liability company which trades as Rotorua Airport. It is fully owned by Rotorua Lakes Council, and is a council controlled trading organisation as defined under section 6 of the Local Government Act 2002.

Airport operations are managed by a chief executive reporting to the company's board of directors.

One of the key objectives for the year was to ensure that the airport improves its financial performance and its return to its shareholder.

Management and governance

The following Directors held office as at 30 June 2017:

Date of appointment	
Peter Stubbs (Chairman)	21/05/2014
Wiremu Atetini Kingi	10/12/2002
Stuart Allan Crosby	22/12/2010
Anthony John Marks	01/07/2016

2016/2017 Summary

Total Revenue

Total revenue for the year was up 3.45% on budget due to better than forecast performance across terminal rental and car parking streams.

Total Expenses

Total expenses for the year were down 2.50% below budget. A strong focus on expense minimisation across all airport operations have contributed to this result, further savings will be targeted into FY18 as part of a broader procurement review.

Performance Measures

Key: **M** MET **NI** NEEDS IMPROVEMENT

	2017 TARGET	2017 ACTUAL	PERFORMANCE	2016 ACTUAL
Aircraft movements	7,474	6,950	NI	6,808
Passenger numbers	234,439	234,929	M	222,983
Customer service and facility rating	7.5 out of 10	7.5	M	8.0
Number of controllable safety incidents	1	0.0	M	0.0
Number of employee injuries (days off work)	5	0.0	M	0.0

The airport performed well in all non-financial performance measures except for the number of aircraft movements. This was a result of a general policy of up-gaging aircraft (moving to a larger aircraft as opposed to increasing flight frequency) to accommodate growth in passenger numbers. :

- The majority of the Company's landing fee revenue is based on passenger numbers as opposed to aircraft movements so passenger numbers are the more critical measure. Importantly passenger numbers were up 5.36% against financial year 2016 target.

	2017 TARGET	2017 ACTUAL	PERFORMANCE	2016 ACTUAL
Total Revenue	4,885,485	5,054,044	M	3,376,756
Total Expenses	4,556,232	4,441,569	M	3,353,178
Surplus (deficit) after tax	106,253	612,475	M	23,578
Capital expenditure	1,785,000	438,733	M	47,172,218

For further information refer to www.rotorua-airport.co.nz

Infracore Limited

Overview

Rotorua Contracting Limited is a limited liability company fully owned by Rotorua Lakes Council, and is a council controlled organisation as defined under section 6 of the Local Government Act 2002.

Rotorua Contracting Limited operations are managed by a chief executive reporting to the company's board of directors.

The nature of the business is constructing, maintaining and managing infrastructure and facility assets. Providing high quality cost effective services for the Council in the following areas: three waters, city cleaning, parks operations, civil works, and supply of nursery products.

Management and governance

The following Directors held office as at 30 June 2017:

Jan Bolton
Ian Boyd
Leith Comer
Israel Hawkins
John McRae

Key Achievements

Infracore have achieved nine of the sixteen targets for the year listed in the 2016/17 Statement of Intent. It is only by small margins that seven of the targets have been missed. Of the seven, three are a direct flow on from the profit target not being achieved. For the 2017 year the main financial objective was to target a positive result, as reflected by the \$310k profit target. The final results show the company made a profit of \$66k for the year missing the target by less than 1.7% of total turnover.

The other financial metrics, reported as not achieved, while not in line with the targets originally set, are in line with expectations developed and agreed during the year, reflect the impact of the various decisions taken in consultation with the shareholder regarding debt and equity positions since the start of the year.

Key Achievements in 2016/17 included

- Achieving revenue target
- Operate the business in a way that generates appropriate financial returns in accordance with Shareholder objectives
- Be a good employer in providing a safe work environment that recruits, fosters and retains competent, motivated, committed and productive employees

Performance Measures

Target	Measure	Timing	Status
Financial Performance Targets			
Revenue \$14,438,000	Revenue from statement of comprehensive revenue and expense for the year ending 30 June 2017	By 30th June 2017	Achieved
Net Profit after Tax \$310,000	Profit from statement of comprehensive revenue and expense for the year ending 30 June 2017	By 30th June 2017	Not Achieved
Return on Average Equity 18%	Profit from statement of comprehensive revenue and expense for the year ending 30 June 2017 against equity from statement of financial position	By 30th June 2017	Not Achieved
Shareholder Funds/Total Assets 50%	Equity against total assets from statement of financial position	By 30th June 2017	Not Achieved
Equity \$1,910,000	Equity from statement of financial position	By 30th June 2017	Not Achieved
Debt to Debt plus Equity 50%	Debt against equity from statement of financial position	By 30th June 2017	Not Achieved
Earnings Yield 18%	Earnings against share value	By 30th June 2017	Not Achieved
Dividend Yield 0%	Dividend against share value	By 30th June 2017	Achieved
Key Milestones			
Resident satisfaction with services	Developing and implementing a service satisfaction measurement system jointly with Council to gauge resident perceptions. Delivering services to a standard where satisfaction levels are maintained or raised.	By 30th June 2017	Achieved
ISO 9001 Quality Management	Maintain accreditation	By 30th June 2017	Achieved
Health and Safety – ACC Workplace Safety Management Plan (WSMP)	Obtain accreditation for InfraCore targeting a tertiary level accreditation.	By 30th June 2017	Achieved
Health and Safety – pursuit of our ZeroHarm workplace vision	Achieve a 2/3rd reduction in Lost Time Injury Frequency Rates (LTIFR) versus 2014-15 levels	By 30th June 2017	Not Achieved
Reduction in net costs of service to Rotorua Lakes Council	Development of specific net cost of service reduction targets for each year. Delivering the targets set.	By 30th June 2017	Achieved
Diversified revenue base	Obtaining \$0.7M or more of contract work, above and beyond the core services provided to Council, in the 2016/17 year.	By 30th June 2017	Achieved
Increased employment opportunities	Development and implementation of a resourcing strategy and framework designed to both meet the company's operational needs and provide a flexible array of employment options.	By 30th June 2017	Achieved
Provision of enhanced training and career pathways for staff.	Establishment of staff development programme that includes an "apprenticeship" type programme and a mechanism by which staff are supported to further their job related qualifications	By 30th June 2017	Achieved

Rotorua Economic Development Limited

Overview

Rotorua Economic Development Limited was created 01 July 2016 following a review of economic development services which resulted in the Council resolving to integrate the functions of the former Economic development CCO Grow Rotorua and Destination marketing business unit Destination Rotorua and Visitor Services (iSITE operations). RED's primary outcome focus is to create value for the Rotorua community through the Rotorua Lakes Council investment in the CCO's activities in partnership with the Rotorua Business community and by being recognised as a key influencer in contributing to the economic transformation components of the Rotorua 2030 vision. The three functional areas of responsibility include business development, investment attraction and tourism growth.

Rotorua Economic Development Limited is a limited liability company and is domiciled in New Zealand. The Company is a Council Controlled Organisation as defined under Section 6 of the Local Government Act 2002.

Structure of the Company's operations, including governance arrangements:

The Company comprises of a Board of Directors being;

	Date of appointment
Peter Stubbs - Chairperson	11 May 2016
Michael Barnett ONZM	11 May 2016
Kiri Atkinson-Crean	11 May 2016
Quinton Hall	11 May 2016
Bruce Thomasen	11 May 2016
Mere George	27 July 2016
Christopher Auld	27 July 2016

Performance Measures

BUSINESS DEVELOPMENT			
Project Management Measure	YE Target 06/2017	Progress	Comments
Support alignment of Rotorua brand architecture and identity	Complete	ACHIEVED	Worked with Rotorua Lakes Council on Brand Architecture workshops and scope of work and a member of the working panel
Deliver talent attraction marketing campaign	Complete	ACHIEVED	Delivered the Love Life / Live Rotorua campaign in AKL region and online activation to address research on negative perceptions regarding relocating to Rotorua
Implement Stakeholder Relationship Management framework	Complete	NOT ACHIEVED	A Stakeholder Relationship Management framework was developed but as part of the Business Development measure requirements comprehensive engagement plans were required but are a work in progress for individual stakeholders.
Implement Service Delivery model	Complete	ACHIEVED	Developed the High Performance Institute framework including Accelerate and pilot programmes focused on improving business decision making and profitability.
Approved implementation plan for the Business Development & Investment Hub	Complete	ACHIEVED	A comprehensive business case was provided to the RED board for consideration of relocation to a co-location space the proposed "Business Development and Investment Hub", the option was comprehensively considered and a decision to not proceed made and to investigate sole occupancy.
Present plan for 2017/18	Complete	ACHIEVED	Plan for Business Development services prepared.

INVESTMENT ATTRACTION			
Service Delivery Measure	YE Target 06/2017	Progress	Comments
Market analyses completed via new service delivery model	2	ACHIEVED	A new service delivery model has been developed with priority sector areas and two market analysis reports completed.
Pre-Commercial business cases completed via new service delivery model	1	ACHIEVED	A separate pre-commercial business case in the wood products sector has been completed.
Project Management Measure	YE Target 06/2017	Progress	Comments
Implement Stakeholder Relationship Management Framework	Complete	ACHIEVED	The investment service delivery model and plan has highlighted key areas of focus including deal channels, sectors, investment ecosystem, activities in scope, investor services and identified the role we play in facilitation and enablement of investment. These form the guiding principles of the Plan of activities for 2017/18.
Implement Service Delivery Model	Complete	ACHIEVED	
Present Plan for 2017/18	Complete	ACHIEVED	

N.B this is a new measure for 2016 / 17 so no comparison for the previous year is available.

TOURISM GROWTH

Service Delivery Measure	2016 Actual	YE Target 06/2017	2017 Actual	Progress	Comments
Achieve highly satisfied i-SITE customers - Net Promoter Score	+77	+85	+92	ACHIEVED	The Net Promoter Score is a recognised measure of customer satisfaction. While pleasing we will continue to look at more in depth feedback options related to performance to provide opportunities for continuous improvement.
Market share of NZ multi-day conference delegate days	9.30%	9.0%	10.2%	ACHIEVED	This measure is an aggregate of Rotorua Destination wide conference venues reported by the Nationally monitored Conference Activity Survey.

Project Management Measure	YE Target 06/2017	Progress	Comments
Recommend changes to the Rotorua Tourism Investment Partnership Programme (RTIPP)	Complete	ACHIEVED	We are looking forward to working in partnership with the Rotorua Tourism Investment Partnership Programme (RTIPP) incorporated society.
Deliver new domestic marketing campaign activity	Complete	ACHIEVED	Revised "Famously Rotorua" Campaign agreed with RTIPP
Recommend destination management activity plan	Complete	ACHIEVED	Destination Management activity plan prepared noting insights form other Regions and clear definition of Destination Management and 4 key projects have been initiated

N.B this is a new measure for 2016 / 17 so no comparison for the previous year is available.

FINANCIALLY STABLE ORGANISATION

Project Management Measure	YE Target 06/2017	Progress	Comments
Deliver a balanced 2016/17 budget on investment of \$4.235 million	Complete	NOT ACHIEVED	Net loss of \$1,420 or 0.03% of total budget
Deliver a clean 2016/17 audit	Complete	ACHIEVED	We received an unmodified opinion

HIGHLY SATISFIED ISITE
CUSTOMERS TARGET:
ACHIEVED



BOP LASS Ltd

Overview

Rotorua Lakes Council is a one-ninth shareholder in Bay of Plenty Local Authority Shared Services Ltd (BOP LASS). BOP LASS was incorporated during 2007/08 to investigate, develop and deliver shared services, joint procurement and communications for the participating councils.

BOP LASS delivers benefits through improved levels of service, reduced costs, improved efficiency and / or increased value through innovation. Joint procurement includes procurement of services or products by two or more councils from an external provider.

The shareholders are:

Bay of Plenty Regional Council
Gisborne District Council
Kawerau District Council
Opotiki District Council
Rotorua Lakes Council
Taupo District Council
Tauranga City Council
Western Bay of Plenty District Council
Whakatane District Council

The directors are the chief executives from each of the shareholder councils.

Performance Measures

Target	Measure	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p>	<p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	<p>Achieved</p>	<p>Joint procurement initiatives undertaken for:</p> <ul style="list-style-type: none"> • Health and Safety Training Preferred Supplier – Vertical Horizonz NZ were appointed as the preferential Health and Safety training supplier for the BOPLASS and Waikato LASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement covering both LASS. • Security Services - BOPLASS investigated the opportunity for a consolidated security contract across multiple councils – covering manpower services, alarm systems, CCTV. It was determined that this was not feasible given local requirements and little benefit would be derived from consolidating the services. Geographical grouping of councils for security service contracts was recommended. • Health & Safety Elected Members Training – Collective Health and Safety at Work Act 2015 training was completed for elected members of BOPLASS and Waikato LASS councils, with BOPLASS engaging a qualified presenter from Simpson Grierson at a fraction of the cost of councils arranging individual training. • Additional Infrastructure Insurance - Representing a collective group of 39 councils in negotiations for placement of councils' infrastructure insurance in the London markets significant leverage was obtained and, despite increased limits and higher insured values for the councils, a 16% overall reduction of premiums was achieved for BOPLASS councils. • In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage was also secured through the London markets. • BOPLASS has been managing a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government. • The 2016/17 programme limit has been increased with an additional \$250M layer negotiated. The extra layer provides councils with a total loss limit of \$500M, with a negotiated premium achieved at a lower cost than the 2015 loss limit of \$140M. • GIS Training – NSG was engaged by BOPLASS to provide collaborative training on Geocortex Workflow for BOPLASS councils GIS staff. Significant cost savings and inter-council information sharing. • EMA Membership – In conjunction with Waikato LASS BOPLASS investigated the opportunity for councils' to participate in discounted joint membership with Employers and Manufacturers Association (EMA). Following fluctuating and diminishing offers from EMA during negotiations, the LASS and councils elected not to enter into an agreement.

Target	Measure	Result	Narration
			<ul style="list-style-type: none"> • Environmental Insurance / Gradual Contamination Insurance – BOPLASS project to investigate environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st & 3rd party loss and restorative/clean-up costs. • Event Management Liabilities Legal Opinion – In conjunction with Waikato LASS BOPLASS sought legal opinion from Tompkins Wake Lawyers on event management liabilities. Collaboration in this procurement delivered significant savings and provided for consistent standards across all BOP and Waikato councils. • Aerial Photography 2016-17 – Two tenders for BOPLASS councils' specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. The collaborative approach has provided further savings in the cost of capture and production of imagery. • Health, Safety & Risk Management Software – Working collectively with Waikato LASS councils, BOPLASS was able to leverage improved services from Vault and provide for discounted pricing for Eastern Bay councils joining the agreement.

Target	Measure	Result	Narration
Provide support to BOPLASS councils that are managing or investigating shared services projects.	<p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p>	Achieved	<p>0.25 FTE provided through engagement of a contractor and IT Manager's time committed directly to individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <ul style="list-style-type: none"> • Solid Waste Services - Following completion of a solid waste benchmarking survey by all BOPLASS councils, several potential areas for greater collaboration were identified for further analysis. Eunomia Research have been engaged to review the current state of solid waste services across the BOPLASS councils, identify collaboration currently being explored or undertaken, and recommend further areas for collaboration. • Information Services Strategic Plan (ISSP) – Working with MWLASS, reviews of the development of other LASS Regional ISSPs and business cases has been undertaken by BOPLASS councils through a series of workshops. Able to leverage off work being undertaken in other regions. • Historical Aerial Imagery - Working in conjunction with the Local Government Geospatial Alliance (LGGA), a portal has been developed specifically for the storage and delivery of BOPLASS councils' historical aerial imagery. The portal www.retrolens.nz facilitates taking historical imagery directly from LINZ and converting it for consumption by councils for publication. By collaborating with other regions a valuable national resource for the councils and the public has been created at a fraction of the cost of individual council services. • Contractor Health and Safety Prequalification - BOPLASS and Waikato LASS have worked together to develop an on-line contractor Health and Safety prequalification scheme. The prequalification portal provides a simple and cost-effective process for contractors to engage with councils while also standardising and simplifying contractor management for council staff. The service is now being rolled out nationally. • Inter-Council Health and Safety Auditing – Establishment of cross-council auditing processes to provide councils with an external viewpoint on their Health and Safety management and provide council PCBU Officers, CEOs and managers with an alternative opinion and verification through auditing, without the expense of having to engage external consultants. • Audit and Risk Insights Panel Sessions – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to share their insights and experience in the areas of health and safety, procurement and risk management based upon their learnings across the greater group of councils and other clients. Workshops provided at no cost to councils and included inter-council sharing of invaluable information. Created a simple, robust and standard process at reduced cost for all councils.

Target	Measure	Result	Narration
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.</p>	<p>All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils having utilised the portal.</p>	<p>Achieved</p>	<ul style="list-style-type: none"> • Health and Safety in Procurement of Machinery – Collective development of a standard health and safety template for council procurement of machinery to be used across all BOP and Waikato councils. • Shared Health and Safety Training Register – Shared training register established in Collaboration Portal for Waikato and BOP councils enabling Health and Safety training requirements to be planned and coordinated across multiple councils. • Inter-Council Network review, redesign and renegotiation – High capacity fibre network connecting the majority of BOPLASS councils. A full review of Inter-Council (ICN) costs, usage and council apportionment undertaken to deliver an improved service and reduce costs. Key contracts re-negotiated with further savings achieved. <p>Collaboration Portal further developed to include options for central government agencies and an activity area dedicated to the Department of Internal Affairs to engage and network with councils.</p> <p>New LASS and councils signed up to the Collaboration Portal.</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>National awareness of Collaboration Portal created through BOPLASS presentation to LG Commissioner.</p> <p>During 2016-17FY, 15 new local government organisations outside of the BOPLASS councils joined the Portal and have licensed users with access to the Collaboration Portal and shared information.</p> <p>The Collaboration Portal now has a membership of 40 councils, 59 organisations in total and 516 users.</p>
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p>	<p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	<p>Achieved</p>	<p>Contracts negotiated and/or renewed for:</p> <ul style="list-style-type: none"> • Video Conferencing Services – renegotiation and price reduction of existing contract. • ESRI Enterprise Licensing Agreement – renegotiated and renewed. No alternative provider in NZ. • Multi-Function Devices (copiers/printers) – full tender completed with a total of four tenders received. Total upgrade of equipment across all of the BOPLASS council, additional functionality, significant cost savings, and a common technology platform supporting the future development of collaborative solutions between councils. • Councils' liability insurance providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers. • GIS software and services – Geocortex Essentials, Geocortex Optimizer, X-Tools, NZAA. Contracts renegotiated and renewed – no alternative suppliers. • Print Media Copyright Agency (PMCA) contract restructured and renewed – sole NZ provider. • Media Monitoring services contract renewed. Proposals received from two companies.

Target	Measure	Result	Narration
<p>Review governance performance and structure to ensure it supports BOPLASS' strategic direction.</p> <p>Perform review of governance.</p>	Affirmative feedback received from shareholding councils at least annually.	Achieved	<ul style="list-style-type: none"> Strategic reviews completed by the Board. Board reviews of operations governance structure and performance. 2017-20 Statement of Intent developed to include an independent governance review. 2017-20 Statement of Intent, including governance changes, circulated to all shareholding councils. SOI received by all councils with affirmative feedback received from all shareholders.
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p>	At least one meeting per year.	Achieved	Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. ELT representation and attendance at one or more meetings from every council.
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p>	Performance against budgets reviewed quarterly. Company remains financially viable.	Achieved	<ul style="list-style-type: none"> Council contributions levied. Contributions received from activities producing savings. Vendor rebates collected. Monthly and quarterly performance reviewed. Financial statements reported and reviewed at board meetings. Financial position year end 30 June 2017: \$2,254 surplus.

Waikato LASS

Overview

The Waikato Local Authority Shared Services Ltd (WLASS), incorporated in December 2005, was established as a control controlled organisation under the Local Government Act for the 13 Waikato/Rotorua councils. Rotorua Lakes Council has an approximately a 7% shareholding in the company.

During the past year, the Company has continued to focus on demonstrating the value that WLASS delivers to the shareholding councils. The Board has continued to focus on improving the efficiency and effectiveness of the existing shared services, as well as initiating new projects and work streams, and facilitating the Waikato Mayoral Forum work streams. The Company continues to work collaboratively with other local authority shared service companies, most particularly with our neighbour, BOPLASS.

Governance

WLASS has twelve Directors with each Director representing a shareholder Council. It is up to each shareholding Council to decide on their representative. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. There are currently no independent Directors.

Over the period that the company has been operating, a variety of benefits have been delivered in the form of:

- Improved levels and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils, irrespective of location or size, to benefit from joint initiatives
- Leveraging procurement opportunities through economies of scale resulting from a single entity representing councils

Performance Measures

Target	Method	Measure	Outcome
<p>PROCUREMENT: Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p>	<p>Achieved: A joint RFP with BOPLASS for the supply of Multi-function Devices was completed and Konica Minolta were accepted as the preferred supplier.</p> <p>Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified.</p> <p>A WLASS Master Agreement with Vertical Horizonz for the provision of health & safety training was completed in February 2017 and 11 councils have signed Joining Agreements.</p>
		<p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p>	<p>Achieved: A syndicated clause in three tendered Hamilton City Council contracts enables all shareholders to access:</p> <ol style="list-style-type: none"> 1. a library book buying contract at 37% discount on the RRP; 2. a contract for the supply of pipes and fittings for water, wastewater and stormwater pipes, which provides discounts of between 30% and 80% off the list price; 3. (an HR Panel of eight suppliers for the recruitment of permanent and temporary staff. <p>Information on how to participate in syndicated contracts for Office Furniture, Media Monitoring and Employee Assistance Programmes was circulated to all shareholding councils.</p>
		<p>New suppliers are awarded contracts through a competitive tender process.</p>	<p>Following an RFP process, a WLASS Master Agreement for Fleet Management has been entered into with FleetPartners /FleetSmart for a term of 1+2.</p>
<p>COLLABORATIVE PROJECTS: Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p>	<p>Achieved: Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and development, and Building Services) have been investigated.</p>
		<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Achieved: Business cases for all six projects were approved by the Board. GIS team is working on identifying why spatial data should be used to support the Waikato region within the framework of the Waikato Digital Strategy, including identifying the benefits and measures of success</p> <p>A Procurement review is in progress, and is scheduled for completion in August 2017.</p> <p>An RFP to select a Project Manager to lead the Aligned Planning project is in progress.</p> <p>A Digital Strategy is under development.</p> <p>A Learning & Development Working Party has been established, and projects are in progress.</p> <p>A strategic review of Building has been completed and a number of new initiatives have been identified, which will commence in 2017/18.</p>

Target	Method	Measure	Outcome
EXISTING LASS CONTRACTS: Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	Achieved: The Contracts Register is up-to-date.
		Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved: Four current contracts have been extended, following a performance review: <ol style="list-style-type: none"> 1. Dataprint (computer-generated print, mailhouse and e-services) 2. Professional Services Panel (building services, planning 3-waters, urban design, flood hazards consultancy services) 3. Aon (insurance brokerage) 4. Infometrics (economic data)
CASHFLOW: The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly. The WLASS Board reviews the financial statements quarterly.	Monthly financial statements show a positive cashflow position.	Achieved: Cash flow for the year shows a positive total cash balance of \$352,274. Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October, and 2 December 2016, and on 3 February, 24 March and 26 May 2017.
COST CONTROL: Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved: Actual expenditure was 19% favourable compared to budget.
REPORTING: Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of the WLASS to the Shareholders every six months.	Achieved: The 6-monthly report was distributed to shareholders on 9 February 2017.
		Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	Achieved.

Target	Method	Measure	Outcome
WAIKATO MAYORAL FORUM: The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.	Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive.	The Mayoral Forum is regularly updated on the progress of each approved workstream.	Not Applicable: The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.
	Mayoral Forum projects shall be managed financially through the WLASS. Note: The current approved workstreams are <ul style="list-style-type: none"> Regulatory Bylaws and Policies Waikato Plan 	Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	Partly Achieved: All approved invoices, except for one, were paid by the 20th of the month following their receipt.
SHARED VALUATION DATA SERVICES (SVDS): The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99% of normal working hours.	Achieved: SVDS was available to users for more than 99.16% of normal working hours.
	Contract Manager monitors performance of contractor and reports quarterly to the SVDS Advisory Group.	All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	Not applicable: There has been no capital enhancement work over the last 12 months.
		The SVDS Advisory Group meets at least 6-monthly.	Achieved: The Group met on 1 September and 17 November 2016, and on 9 March and 1 June 2017.
INSURANCE: Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Not applicable: Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.
		The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Not applicable: Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.

Target	Method	Measure	Outcome
<p>RATA: All stakeholders are kept informed about RATA's projects and achievements.</p> <p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p>	<p>Reports presented to WCLASS Board as at 30 December and 30 June, and circulated to stakeholders.</p>	<p>Achieved: 6-monthly reports presented to Board meetings on 2 December 2016 (circulated to stakeholders on 19 December) and on 7 July 2017.</p>
	<p>Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience</p>	<p>Reports include a summary of savings achieved.</p>	<p>Achieved: A summary of savings was included. In the July report to the Board.</p>
	<p>Data collection contracts (minimum of two across the region) are managed in accordance with best practice.</p>	<p>All RATA councils participate in the tour.</p> <p>Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.</p>	<p>Achieved: All councils participated in the tour in October 2016.</p> <p>Not Achieved: Report delayed until February 2017 (individual councils received their reports in January).</p>
	<p>Data supplied by contractors is of good quality and meets all councils' requirements.</p>	<p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p> <p>Any data issues are identified and resolved, with any incidents reported to stakeholders.</p>	<p>Not Applicable: No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016.</p> <p>Achieved: Asset Information Engineer identifies and resolves all issues.</p>
<p>WAIKATO REGIONAL TRANSPORT MODEL (WRTM): The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p>	<p>Achieved: Reports were provided on 15 August and 18 November 2016. No quarterly reports were requested in 2017 as the model was unused during this period.</p>
	<p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>A report from RATA on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.</p>	<p>Achieved: Reports presented to the Board in December 2016 and July 2017.</p>
		<p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>	<p>Achieved: Peer review of base model was completed in April 2017. Consultant has been engaged to complete future years' model in 2017/18.</p>
<p>WAIKATO BUILDING CONSENT GROUP: Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.</p>	<p>Internal audits completed annually for each Group member.</p>	<p>Partially Achieved: Only seven of the eight audits scheduled for the year were completed due to a lack of staff resources to assist.</p>
		<p>Provide Group members with a joint quality assurance system that meets statutory compliance.</p> <p>Report at least six monthly to the WCLASS Board on the Group's activities.</p>	<p>Not Achieved: The quality assurance system consists of over 466 separate documents. Regulation 17 requires that all BCAs on an annual or more frequent basis; audit and review all of their quality assurance systems to ensure that the systems meet the requirements of the BCA regulations and the Building Act 2004, and remain appropriate for purpose. Even though the audit and review of the QA systems was achieved within the calendar year, it was not achieved within 12 months from the last completion date.</p> <p>Achieved: Reports presented to the 3 February and 7 July 2017 Board meetings.</p>

Target	Method	Measure	Outcome
FUTURE PROOF: All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WCLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved: 6-monthly reports presented to the Board on 2 December 2016 and 7 July 2017.
SHAREHOLDER SURVEY: Shareholders are satisfied with the performance of WCLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WCLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	In Progress. Shareholders' survey has been completed and is scheduled to be reported to the Board on 26 August 2017.
REVIEW OF BENEFITS: Shareholders are informed of the benefits being provided to shareholding councils by WCLASS.	The benefits of WCLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WCLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved.

Terax 2013 Ltd and Terax Limited Partnership

Overview

Terax 2013 Limited is a limited liability company. The Company is jointly owned by Rotorua Lakes Council and Sala Street Holdings Limited on a 50/50 basis. The Company is a council controlled organisation as defined under Section 6 of the Local Government Act 2002.

The business of the company is to act as the general partner of Terax Limited Partnership.

The company comprises of a board of directors being Ian Boddy, Russell Burton, and Judith Mary Stanway.

Key Achievements in 2016/17 included:

- Managing the business of The Terax Limited Partnership successfully
- Developing the 2017-2019 Statement of Intent, business and strategic plans for the Terax Limited Partnership in accordance with shareholder agreements
- Completing the Audit of the 2015/16 Accounts

Performance Measures

KPI	Measure	How did we do?	Status
The company is operating efficiently	The budget is adopted by the Board and the investors advised via the SOI of expected investment requirements over three year timeframe.	Y	Complete - the budget was adopted and accepted by Shareholders and Limited Partners
Maximise the value of the Limited Partners' investment and minimize their ongoing costs	Secure series "B" investment from a strategic investor and operating partner that bridges medium-term operating revenue shortfalls	NA	Negotiations underway to agree term sheet with strategic investor.
Completion of plant build	First plant in operation	N	Delayed due to RLC decision to delay upgrade of WWTP to 2020.
Domestic sales	20 customers qualified. 4 customers in negotiation. 1 contracted sale.	NA	Sales pipeline includes over 20 customers qualified. 2 customers in negotiation.
International Sales	Sales channels in 3 key territories established. 1 new international customer signed.	Y	Negotiating co-operation agreement with two parties in China. RFIs have been returned to two customers in USA. Externally funded work to complete value engineering to build a demonstration plant in India. Work commenced on building sales pipeline in Australian market.
Compliance	The audit of Terax 2013 Ltd does not highlight any material issues.	Y	Audit completed without any material issues.
Business operations	Effective business strategies are put in place to ensure that the investors receive an appropriate return on their investment.	Y	Business Plan for 2016/17 accepted by Shareholders and Limited Partners.
Cultural proposition	Terax's cultural value proposition is quantified and incorporated into the Business Plan.	Y	Complete - included in 2017 Business Plan.
Environmental audit	An audit that compares Terax's environmental footprint to alternative solutions is completed.	Y	Report completed by Scion.





Disclosure statement

Annual report disclosure statement year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks, to enable an assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The council is required to include this statement in its Annual Report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

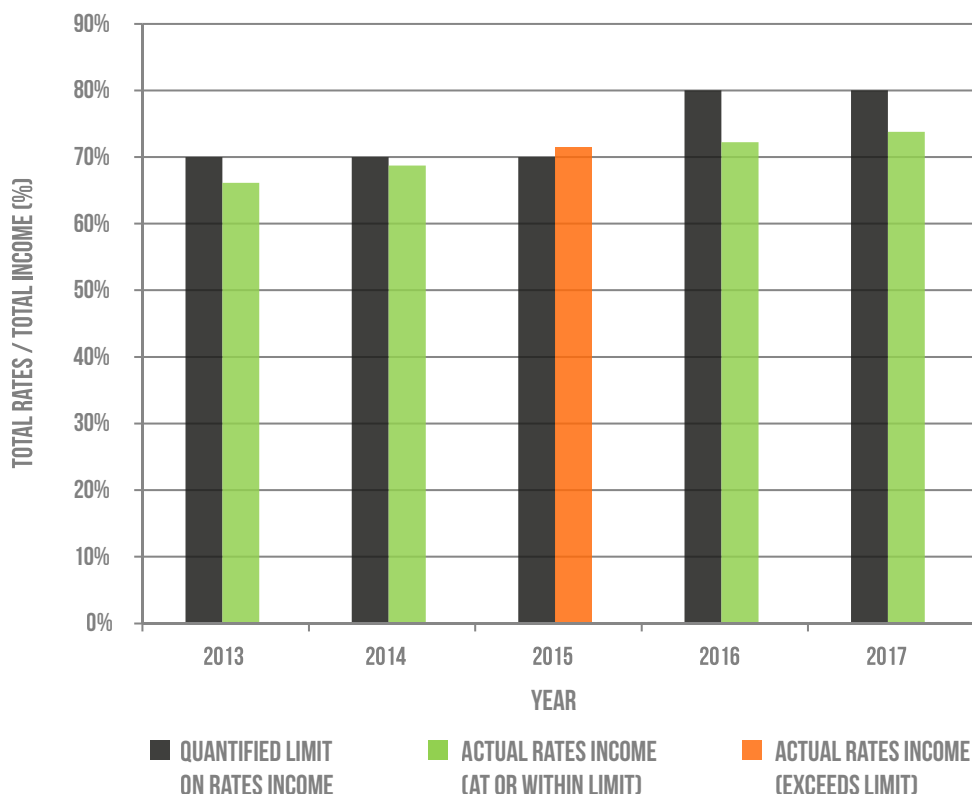
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

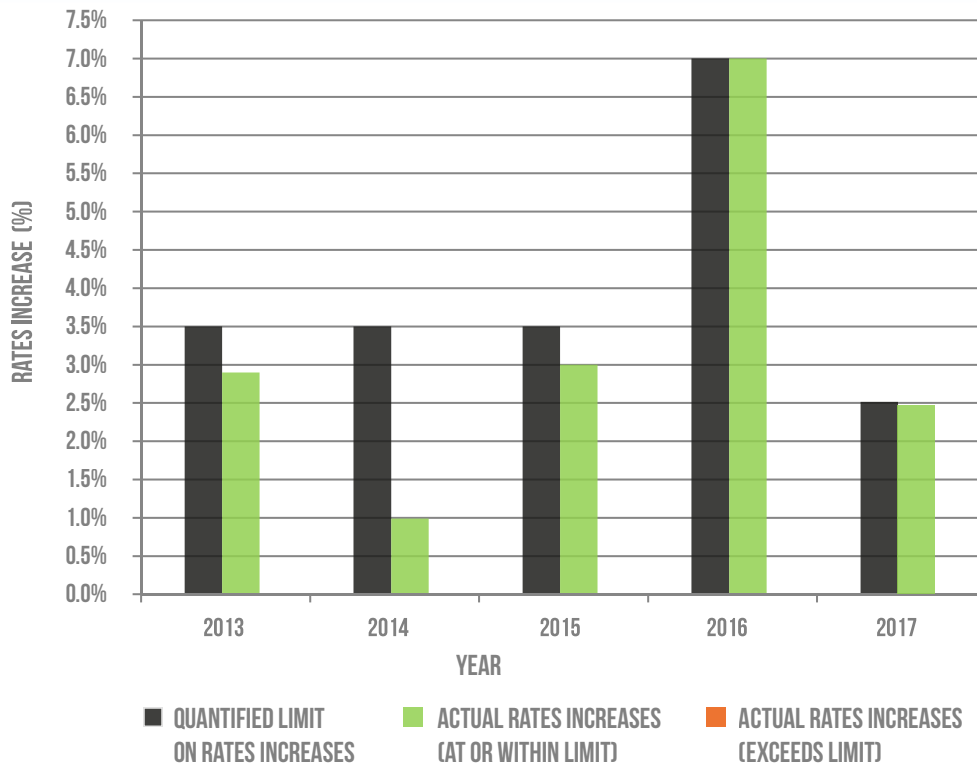
Rates (income) affordability

The following graph compares the council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue to less than 80% (previously 70%).



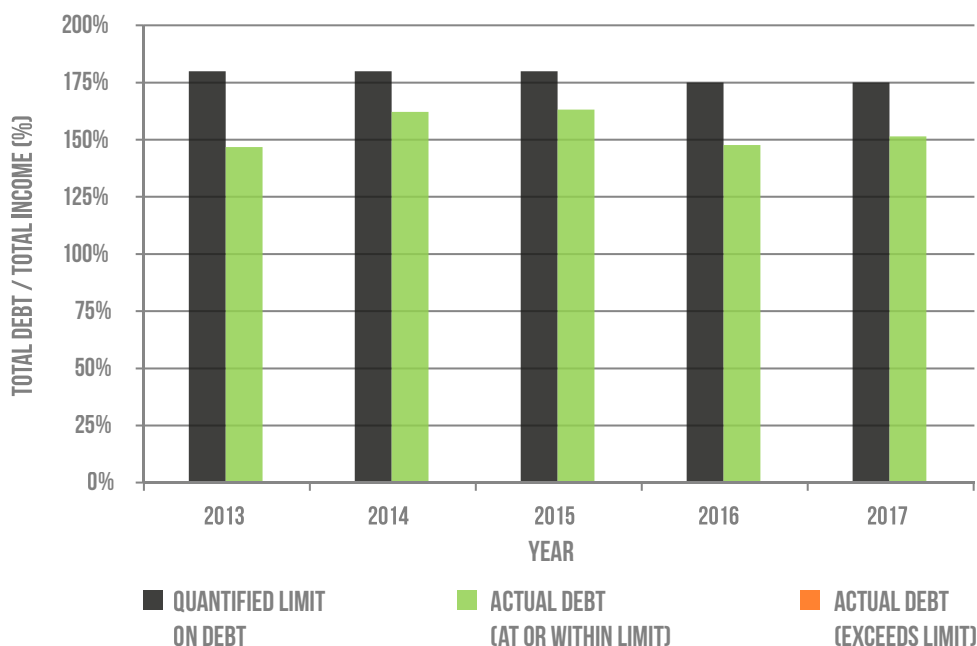
Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-term Plan. The quantified limit is a one-off 7% increase in the first year, and from year two onwards at the prevailing rate of inflation applied to our cost base (previously capped at 3.5%).



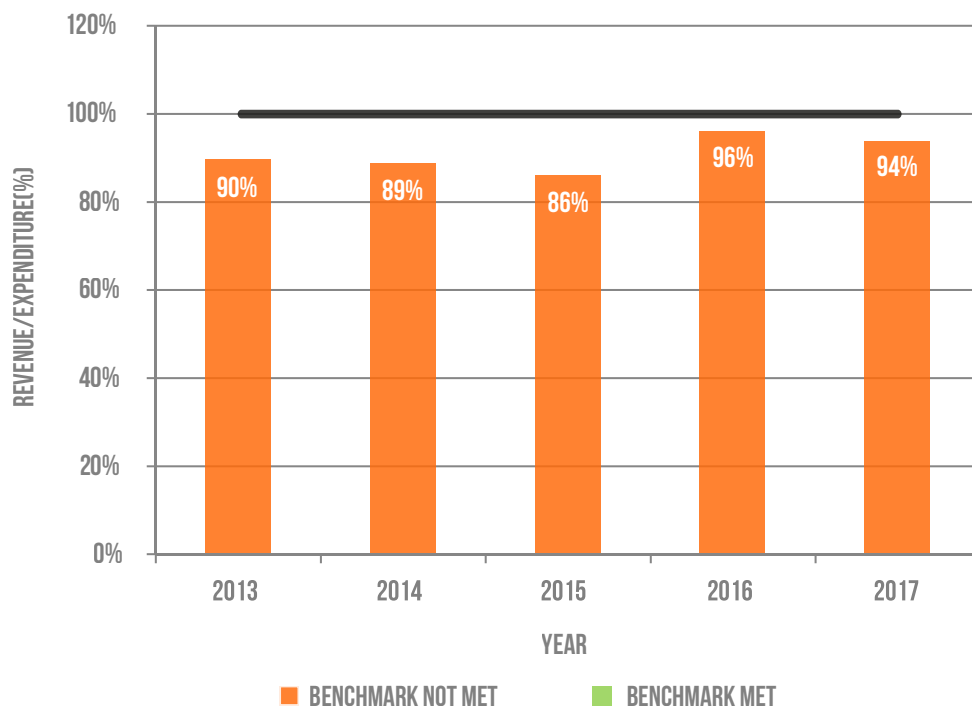
Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the long-term plan. The quantified limit is that total debt will be lower than 175% of total income (previously 180%).



Balanced budget benchmark

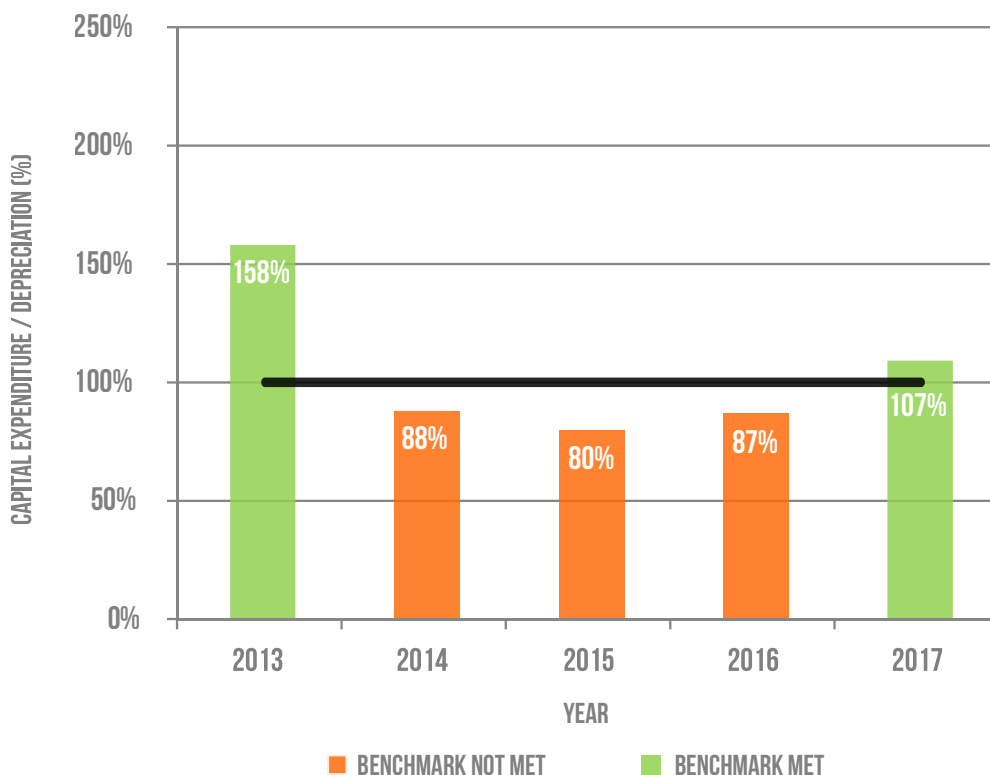
The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative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



Further on from the 2016 financial year a large contributing factor for the benchmark not being hit for the 2017 year, was the loss on disposal and impairment of property, plant & equipment of \$5.958m. A large proportion of this relates to the writing off of the Terax capital project that has not resulted in the creation of an asset. An adjusted result excluding this figure would be 99%.

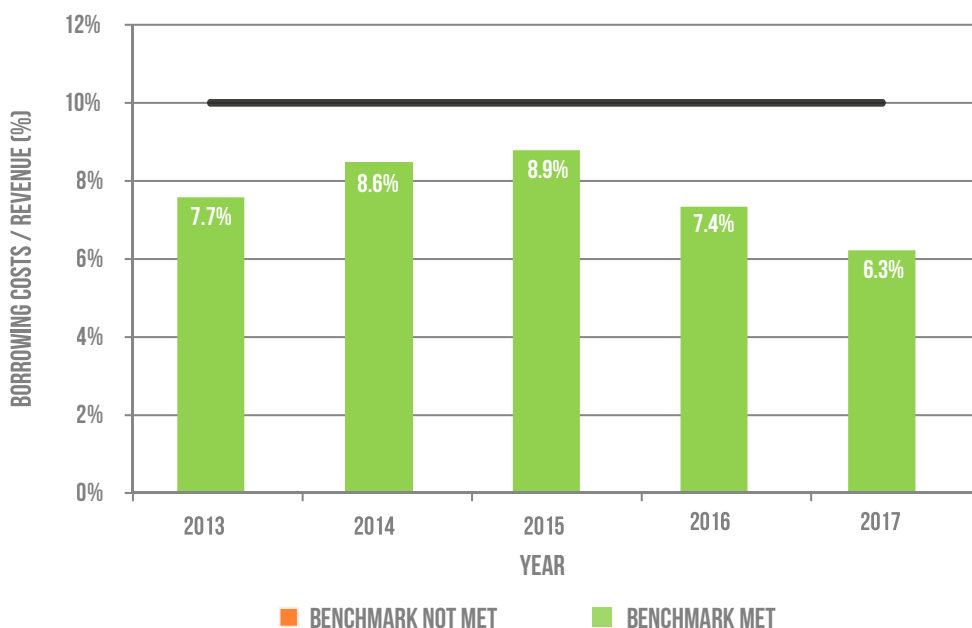
Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



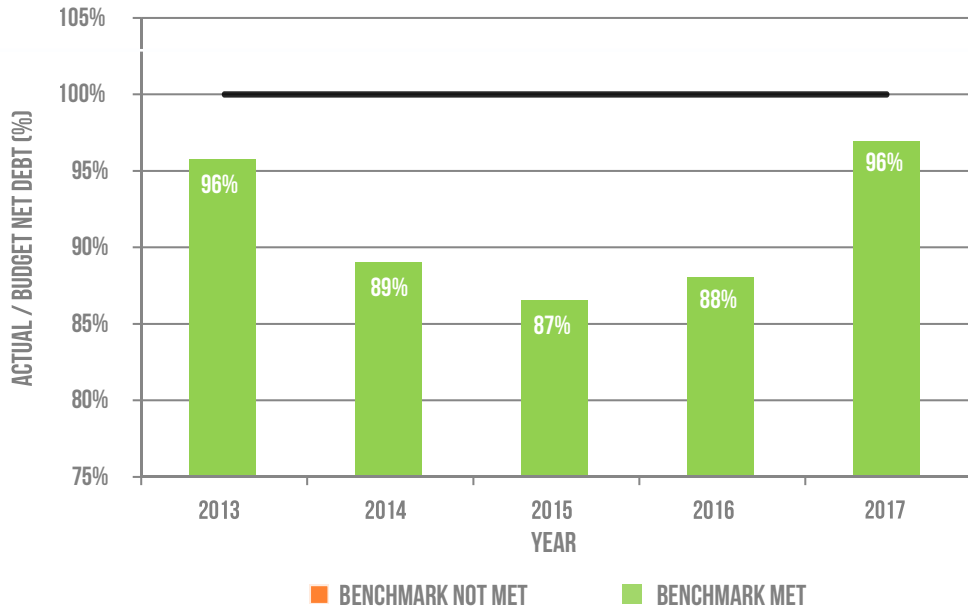
Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



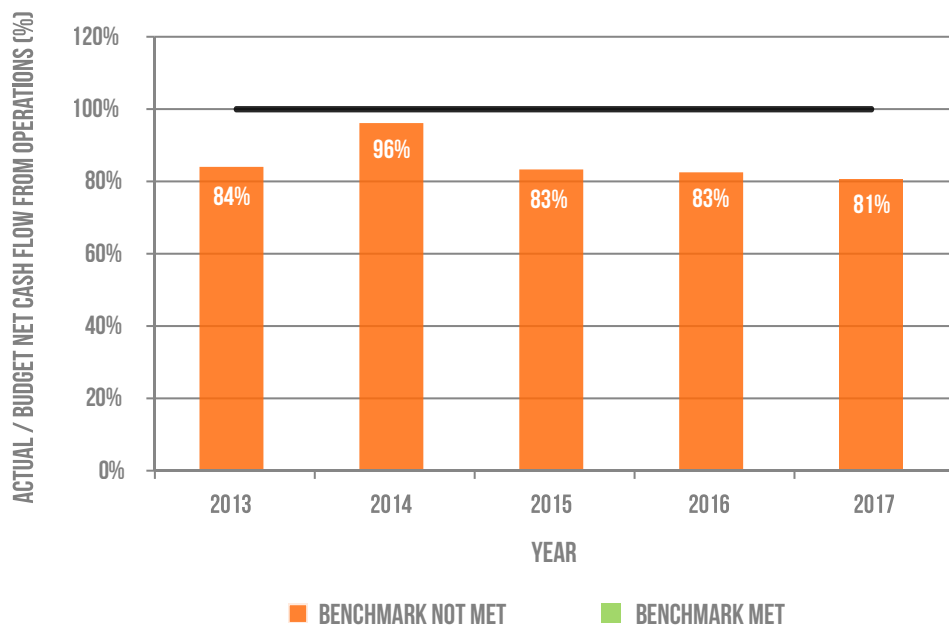
Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.









Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Rotorua District Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Rotorua District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 85 to 163:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2017;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 164, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the service performance on pages 38 to 81:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 40 to 79, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 40 to 79, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 192 to 196, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 8 to 36, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

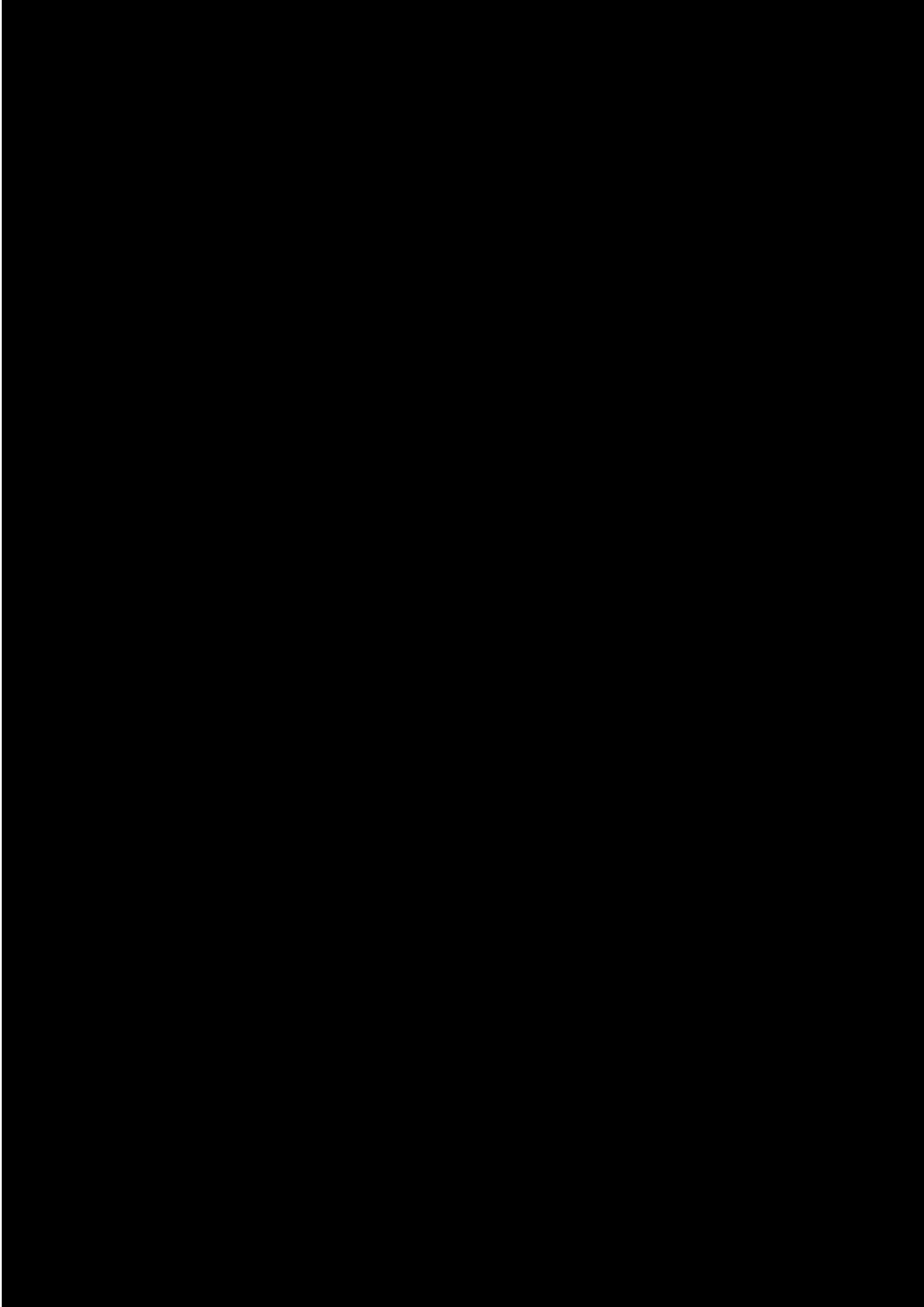
Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a Limited Independent Assurance Engagement in relation to the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and this engagement we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



**WE
TOGETHER**

TOGETHER
ME

ROTORUA
LAKES COUNCIL
Te kaunihera o ngā roto o Rotorua

ANNUAL REPORT 2017