

Nominations for Local Elections close 12 noon 12 August 2016

Vote.
2016.

NGA PŌTITANGA Ā-ROHE

2016 Pre-election reports by council chief executives are required under the Local Government Act, aimed at informing election candidates and residents and promoting discussion.

Rotorua Lakes Council chief executive Geoff Williams' pre-election report provides a snapshot of council's performance, including financial performance, key milestones achieved during the past three years and future key projects and challenges. Today's excerpts focus on council's financial position:

To view the complete Rotorua Lakes Council 2016 pre-election report visit:
www.rotorualakescouncil.nz/Vote2016

ROTORUA
LAKES COUNCIL
2016
pre-election report

MAHINGA - KIA TIKA TE MAHI KAUNIHERA

Sustainable infrastructure and affordable, effective council services

Organisation re-alignment – late 2013

An organisational review was undertaken to ensure affordable, effective, efficient services that aligned with the direction set by the new Council in 2013. This put the focus on delivering a new way of doing business.

Airport assets transfer – April 2015

The airport is a council-controlled organisation and the transfer of assets to the airport company provided clarity of financials and responsibilities. Council also discontinued its annual \$1.25 million subsidy for trans-tasman flights.

AA- Fitch credit rating – April 2016

International credit rating agency Fitch gave Council the very high rating of AA- which signifies a very low default risk and strong capacity to meet financial commitments. Council will save an estimated \$300,000 per year as it will have access to better interest rates.

New rubbish, recycling and landfill services – 2016

An aim of council's new waste strategy is to reduce costs while improving services. The new landfill operator carries all operational and capital costs for the facility and will pay council royalties per tonnage of waste received and give council a discount for its own landfill waste. The contract for new rubbish, recycling and litter services will save council about \$500,000 per year and some user pays fees for e-waste will save approximately \$140,000 per year.

Financial re-focus

Following the 2013 elections, an independent review by PriceWaterhouseCoopers (PWC) provided the basis for a course of action to address financial issues at the council.

The review revealed:

- An historical pattern of not achieving budget
- Some activities had been underfunded
- Non-rates revenue had been reducing during the previous 5 years
- Rates rises had been kept low in comparison to levels of service
- Debt had been steadily increasing (\$100 million in 2010 to \$168 million in 2014)

Council responded by developing a sustainable financial framework and financial strategies which re-set rates rises to realistic levels, reduced spending and operating costs and improved financial reporting. Efficiency gains removed \$9.3 million in operating costs within the organisation and the 2015-25 Long-term Plan sets a target of \$1 million savings per year, without compromising service levels.

Results 2014/15

- Council paid down debt for the first time in 10 years.
- Ended the year \$5.9m better off – \$1.7m surplus instead of anticipated borrowing of \$4.2m with \$1.2m of the surplus used to repay debt.
- \$500,000 cash on hand retained to take into the following financial year.
- Debt (including CCOs) totalled \$167.5m at 30 June 2015.
- Debt sustainable with capacity to borrow.

Draft results 2015/16

- \$3m increase in cash on hand.
- \$1.9m in debt retired.
- Total debt (including CCOs) \$165.7m.
- \$12m improvement on Long-term Plan.
- No borrowing forecast for next year.
- 88% completion rate for infrastructure renewals.

Develop

a vibrant city
heart that attracts
people and activity

Support

reinvigorated
neighbourhoods
and the creation
of healthy homes

Develop

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