

THE ROTORUA DISTRICT

Te Rohe o Rotorua



Rotorua District lies within the Bay of Plenty and Waikato Regional Council areas. According to oral history, many of Rotorua's Maori residents trace their ancestry to Tamatekapua, the captain of the Arawa canoe that arrived in New Zealand from the fabled homeland of *Hawaiki* more than six centuries ago. The Arawa canoe was beached at Maketu on the Bay of Plenty coast where the new arrivals settled down to live.

They had been at Maketu for some time when an ancestor called Kahumatamomoe journeyed inland to explore. He discovered what is now known as Lake Rotorua, and settled at what is now Kawaha Point.

The local environment encompasses 16 lakes, active geothermal areas, and a considerable amount of public open space. Land cover in the district is now dominated by pasture (48%) and planted forest (20%), as well as indigenous forest and lakes. There are 137 Protected Natural Areas in the district, covering more than 30,620 ha. More than half of this area comprises scenic reserves. Rotorua has an increasingly broad industry base that includes tourism, agriculture, forestry, retail, manufacturing, business services, social services and education.

District Facts

Area:	2,614.9km ²
Dwellings:	26,823 (2006 Census)
Gross Land Valuation:	\$6.6 billion
Gross Capital Valuation:	\$12.5 billion
Local Roads:	More than 1,000km - 82% sealed
Reserves:	800ha
Population:	65,901 (2006 Census)
	33,897 Female
	32,004 Male
	57% European
	34% Maori
	4% Pacific Islands
	5% Asian and others
Gross Domestic Product:	\$2.88 billion per annum

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This Long-term Plan has been prepared to meet the requirements of a Long Term Council Community Plan in accordance with the Local Government Act 2002 and may not be suitable for any other purpose than that intended by the Act. Actual results over time may vary from the forecasts in this plan, and these variances may be material. The Long-term Plan 2012-22 Statement of Proposal (including prospective financial statements) was adopted and authorised for public consultation at the extraordinary meeting of Rotorua District Council on 29 March 2012

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

He Kaupapa Here tenei e tautoko nuitia ana i nga tirohanga me nga tumanko kua whakamaheretia e te hapori mo nga tekau tau kei mua i a tatau.

I te mutunga mai o te whakawhitiwhitinga korero ngatahi me te hapori o Rotorua katahi ka whakatauiratia ake me pehea e taea ai e te Kaunihera te manaaki me te kokiri i nga painga me nga hua o te Kaupapa here mo nga tekau tau kei mua i te aroaro.

Hufia te rito o te Harakeke
Kei hea te komako e Ko
Ki mai ki ahau he aha te mea nui o te ao
Maku e ki atu he tangata he tangata he tangata.

To the people of Rotorua. Warm greetings to you all.

This Long-term Plan supports the community's vision and aspirations.

The Long-term Plan document follows a programme of extensive consultation with the community of Rotorua, and shows how the council proposes to contribute to a range of agreed community outcomes over the next ten years.

When the heart is torn from the flax bush
Where will the Bellbird sing?
You ask me 'what is the greatest thing on Earth?'
My reply is, 'it is people, people, people.'

*Ki mai ki ahau he aha te mea nui o te ao
Maku e ki atu he tangata he tangata he tangata.
You ask me what is the greatest thing on Earth
My reply is it is people people people*

Message from the Mayor and the Chief Executive



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

Kia ora koutou.

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

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

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

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

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

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

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

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

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

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

Message from the Mayor and the Chief Executive

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

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

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

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

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

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

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



Kevin Winters JP
Mayor



Peter Guerin
Chief Executive

29 June 2012

The thinking behind council's Long-term Plan

What is a Long-term Plan?

A Long-term Plan is a three year detailed plan with an additional seven years outlined that sets the direction for the district for the next ten years. This Long-term Plan covers the years 2012/13 to 2014/15 in detail and 2015/16 to 2022/23 in outline.

The plan describes all the activities of Council and describes how each activity will be managed, delivered and funded. Each section of the Plan is supported by substantial planning, reporting and decision making processes.

Why a Long-term Plan?

Every three years all councils in New Zealand are legally required to produce a long-term plan for their area. Previously known as the ten year plan or LTCCP (Long Term Council Community Plan) the plan is now officially called the Long-term Plan

and must cover a ten year minimum horizon. This plan covers the period from 1 July 2012 to 30 June 2022.

The Long-term Plan is the council's opportunity to undertake dialogue around the services it provides, the cost of providing those services, to outline major projects to be undertaken and how they will be paid for, and how all these combined will contribute towards making Rotorua and the lives of its citizens better.

The Long-term Plan 2012-22 has been developed with a key focus around the refreshed Sustainable Economic Development Strategy. The goal is to lift the overall economic performance of the district. The strategy aims to ensure that the Rotorua economy grows faster than it otherwise would. For our community that means focusing activity on increasing employment, creating demand by increasing the population and raising the average household income. Being successful

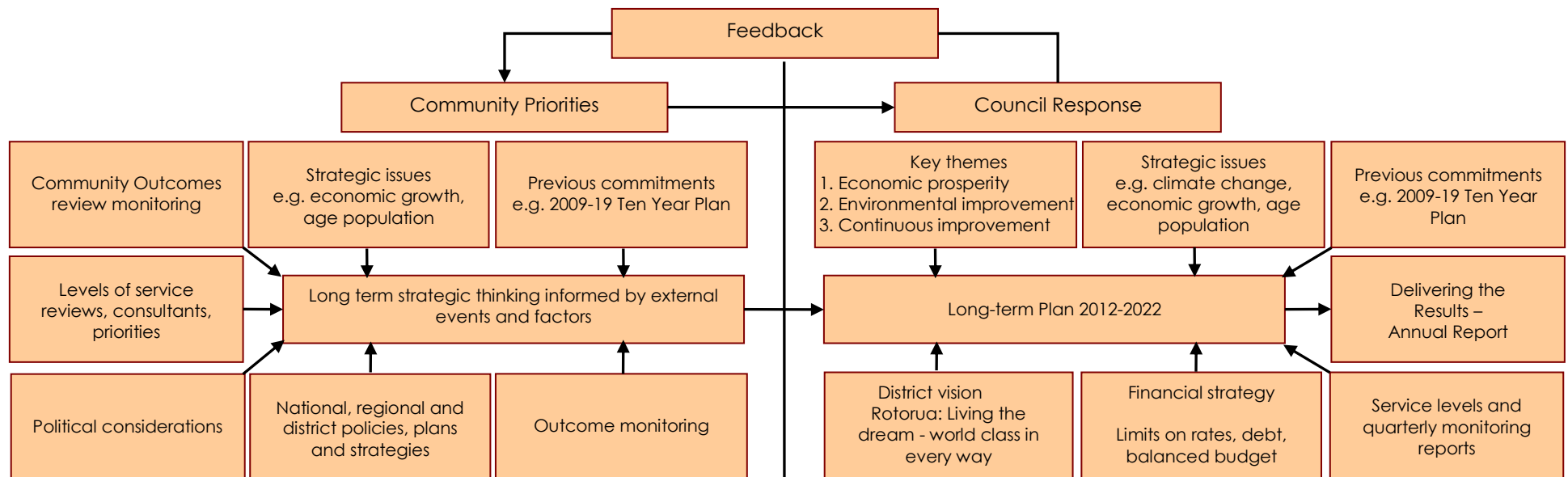
in these and the broader goals of the strategy will have flow-on effects into the social, cultural and environmental wellbeing of the district.

The first part of the plan outlines the overall philosophy and thinking behind development of the Long-term Plan. A key component of this is the Financial Strategy which sets the overall direction for Council, establishing a position on the state of Council ten years from here and the vision for Rotorua's future. This vision is supported by the delivery of council services via 20 activities.

The Strategic Planning Framework

Council draws on information from a number of different sources in determining its priorities and in developing its plans for the next ten years.

The diagram below shows council's strategic planning framework:



Residents survey

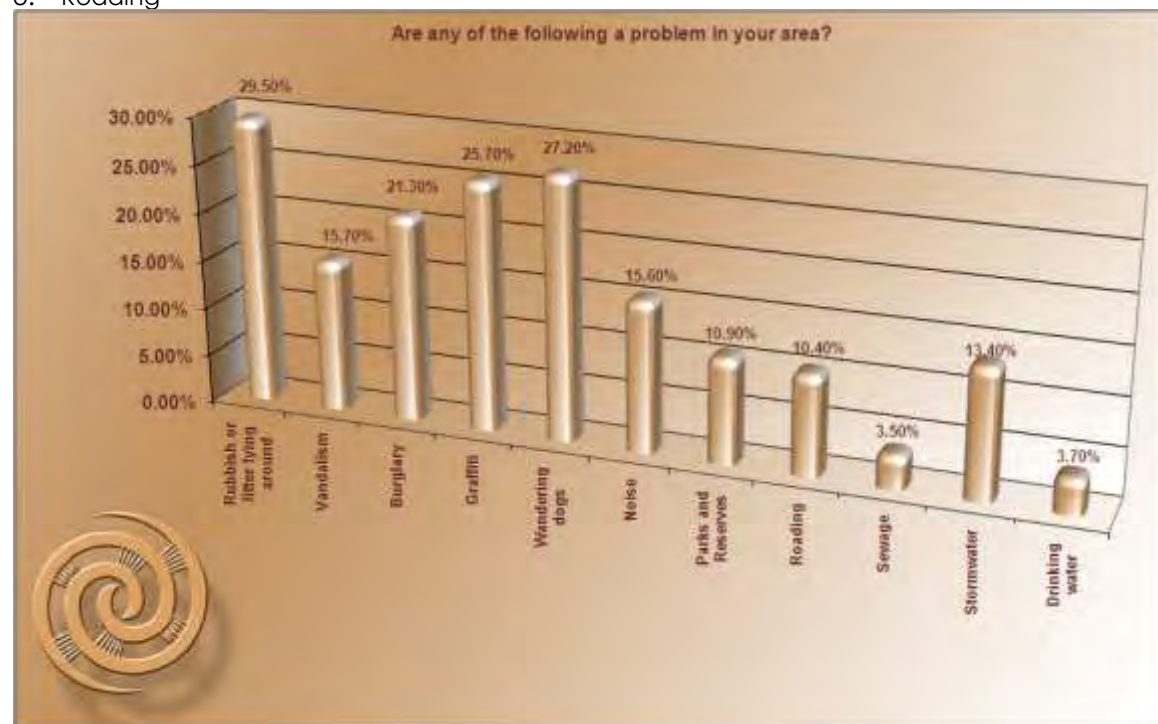
As part of feedback for developing the draft Long-term Plan, pre-consultation was conducted between May and September 2011. 1,005 Rotorua residents completed a survey form identifying what they believed would make their local area a 'better place to live'. Residents also identified their three top priorities for the council for the next ten years (2012-2022).

The top ten areas of concern identified in local areas were:

- | | |
|----------------------|-----------------------|
| 1. Rubbish or litter | 6. Noise |
| 2. Wandering dogs | 7. Stormwater |
| 3. Graffiti | 8. Parks and reserves |
| 4. Burglary | 9. Roading |
| 5. Vandalism | 10. Drinking water |

The top three activities identified where residents thought Council could do more to make their local area better were:

1. Kerbside recycling
2. Rubbish clean up
3. Roading



Note:

- (1) Percentages do not add to 100% because this is a multiple-response item
- (2) An "other" answer category was included and constituted 22.8% (459) of the respondents

Council services reviewed

The council also undertook a number of reviews into the way services are delivered. These included:

- Public toilets
- Pressure on lakes (events, boatramps, toilets, reserves and parking)
- Community halls
- Pensioner housing
- Street cleaning
- Public car parking
- Bins on reserves
- Destination marketing
- Economic development
- Sportsfield review

Council aims to address the issues raised and the outcomes of the service reviews through the performance management framework. Measuring council's achievements is detailed within the groups of activities section of this plan

Consultation on draft Long-term Plan

A 12 page summary of the draft Long-term Plan and submission forms were distributed to every household and private mail box in the district in mid April 2012, with additional copies mailed to out-of-town property owners. The summary provided an overview of the key elements of the Long-term Plan.

The summary also:

- outlined the major projects proposed in the first three years of the Long-term Plan
- explained the major issues the council and our community face over the period of this Long-term Plan
- detailed how people could get further information on any of the issues/projects listed in the summary
- included a Freepost submission form and information on how to provide feedback

The full document was also available on CD and online at the council website www.rdc.govt.nz.

The following timetable outlines the key steps the council undertook in developing the Long-term Plan 2012-2022:

Key dates

August to December 2011	Council reviewed levels of service, developed asset management plans, undertook pre-consultation and prepared long-term budgets.
14-15 February 2012	Council considered and made decisions on the proposed plan
29 March 2012	Council adopted the Draft Long-term Plan 2012-22
2 April – 3 May 2012	The Draft Long-term Plan 2012-2022 was open for public submission
17 April 2012	Public meetings were held at the Council offices – 2pm and 5.30pm
15-17 May 2012	Hearings were held for submitters who requested to speak to Council in support of their written submission
5-7 June 2012	Council made decisions on submissions
19 June 2012	Council confirmed decisions made on 5-7 June
29 June 2012	Council adopted the final Long-term Plan 2012-22 and confirmed the rates strike for 2012/13
Early July 2012	Letters sent to submitters advising them of Council's decision on their submission (including reasons)
Early July 2012	Long-term Plan 2012-22 published and made available from the Customer Centre, District Library, City Focus and on Council's website www.rdc.govt.nz .

Updates from Draft Long-term Plan

To ensure that the latest information is reflected in the Long-term Plan, a number of updates have been made to the base information contained in the Draft Long-term Plan. The Draft Long-term Plan published in April 2012 was substantially based on forecast financial information available in late 2011. Since publication of the draft updated financial information and more certainty around revenue and expenditure assumptions for specific projects and activities has allowed Council to make some changes between publishing the Draft Long-term Plan and adopting the final version.

The changes are summarised below:

- Reduced revenue for Building Services, Planning Services and the Museum
- Reduced subsidies from NZTA for the subsidised local roading network programme
- Increases to sewerage schemes project costs: Gisborne Point/Hinehopu (increase in service area); Rotoma (increased specifications for the type of wastewater treatment plan to be used)
- Reduced targeted rates from sewerage schemes: Paradise Valley and Okere Falls, Otaramarae and Whangamarino (in line with funding policy final assessment of project costs)
- Increased contribution towards regional Civil Defence Emergency Management Group
- Increased costs associated with the Youth Spaces (increasing scope to include Mamaku)
- Removal of proposed Sunday opening hours at the Library
- Removal of recycling centre project in Ngongotaha

Changes as a result of carry forwards from 2011/12 are summarised below:

- Aquatic Centre (\$60,000) – to complete a feasibility study on stage one of proposed upgrade for Aquatic Centre.
- Redwoods (\$205,000) – to complete construction of new toilet facilities and carpark alterations.
- Waipa Mountain Bike Carpark (\$175,000) – to complete construction of toilets within carpark.
- Water Supplies – replacement of pipes and pumps associated with Depot Street pipelines.
- Roads & Footpaths (\$4 million) – costs associated with completion of Lake Road upgrade.
- Roads & Footpaths (\$2.28 million) – carry forward of NZTA subsidy for Lake Road upgrade.
- Kaupapa Maori (\$37,000) – to complete Mana Whenua plans not completed in 2012.

Public Submissions

Between 2 April and 3 May 2012 the community was invited to make submissions on Council's Draft Long-term Plan 2012-2022. A total of 443 submissions were received, with 86 submitters requesting to be heard in support of their written submission at public hearings from 15-17 May 2012.

The following table gives a breakdown of the submissions on major proposals which Council specifically sought views on:

	Yes	%	No	%	Total # responses
Overall Direction support	223	80	55	20	278
Economic Focus support	218	79	57	21	275
Airport debt reduction proposal support	215	79	57	21	272
Rating framework change support	148	56	114	44	262
Water equalisation support	167	71	69	29	236

Support for other council proposals

	Yes	%	No	%	Total # responses
City Safe Guardians	243	83	49	17	292
Private/public partnership for pensioner housing	201	81	46	19	247
Eat Street permanent precinct	233	79	61	21	294
Tutanekai Street revitalisation	222	82	50	18	272
Night Market enhancements	221	77	66	23	287
Limit rate increases	299	96	13	4	312
Aquatic Centre Upgrade	217	76	70	24	287
Kuirau Park integration/upgrade	206	69	93	31	299
Rotorua Transport Centre development	249	86	42	14	291
Sharing services with other councils	221	82	49	18	270
Boosting customer services online	184	72	72	28	256
Increasing marketing to attract more investment and tourists	215	71	88	29	303

Key decisions

The Council has largely reaffirmed its position as set out in the Draft Long-term Plan, including:

Change to rating system

To try and get more stability in the rates process, and to avoid major fluctuations in rates levels when properties are revalued every three years as required by the government, the rating system has been changed from allocating rates based on land values of properties, to allocating rates against capital values

The exceptions to what was set out the Draft Long-term Plan include:

Library Sunday opening hours

Council has decided against opening the Library on Sundays. The proposal in the Draft Long-term Plan would have seen the Library open for four hours at a net increased annual cost of \$30,000. Council has decided that it cannot afford this service level increase at present.

Ngongotaha Recycling Centre

Not originally listed in the Draft Long-term Plan a staff submission sought to carry forward expenditure of \$1.25 million into the 2012/13 year to construct a recycling centre in Ngongotaha. The Council resolved to remove this expenditure due to the success of the Rotorua recycling centre, the number of private companies offering kerbside recycling, the issues around securing land to develop this facility and the need to reduce expenditure.

The decisions made by Council confirming the Long-term Plan have been reflected in the overall adoption of a 2.9% rate increase for the 2012/13 year and an overall debt position of \$183 million in ten years time.

Key decisions in response to submissions

Rotorua Netball Courts

Council has agreed to set aside \$10,000 in Parks and Recreation budgets for maintenance of the netball courts in the 2012/13 year. During the year assessment of the courts and cost of future resealing will be evaluated. Council has agreed to put aside \$315,000, subject to final costings, in the 2016/17 year for netball court resealing.

Opus Orchestra

Council agreed to allocate \$5,000 to the Opus Orchestra Trust in each of the 2012/13 and 2013/14 years.

Short term accommodation providers (bed and breakfasts)

Council agreed that short term accommodation providers of 1 or 2 bedrooms will continue to pay the fixed element of the Business and Economic Development Targeted Rate, currently \$177.78. For short term accommodation providers of 3 bedrooms and above an additional charge of 50% of the fixed element of the Business and Economic Development Targeted Rate will be levied for the subsequent bedrooms e.g. a 3 bedroom accommodation provider will be charged an additional \$88.89 and a 4 bedroom charged an additional \$177.78. All figures are GST exclusive.

Home businesses

Council has indicated it will consult in the 2013/14 draft annual plan on a fixed charge for holiday homes and other home businesses as a contribution to the Business and Economic Development Targeted Rate.

Changes made to draft Long-term Plan

Topic	Proposed change or amendment	Rates 2013	Rates 2014	Rates 2015	Rates 2016	Rates 2017	Rates 2018	Rates 2019	Rates 2020	Rates 2021	Rates 2022	LTP page ref
Corporate and Customer Services Group												
Emergency Management	Additional funding to Environment BOP required	28	29	30	31	32	33	34	35	36	37	36, 86
Library	Take out Sunday trading	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(40)	36,81
Community Engagement and Support	Opus Orchestra funding	5	5									
Community Engagement and Support	City Safe Guardians - reduced funding of the project from three to two years			(200)								36, 75
Economic and Regulatory Services Group												
Museum	Decrease Revenue	139	(27)	78								
Museum	Decrease Costs	(55)	(25)	(25)								
Building Services	Reducing Revenue	216	110									
Planning Services	Reducing Revenue	94	90									
Infrastructure Services Group												
Public Gardens and Reserves	Surface repair - Netball courts	10	3	3	3	3	3	3	3	3	3	
Public Gardens and Reserves	Surface reseal - Netball courts				338							149
Public Gardens and Reserves	Grant from netball association				(50)							
Roading	Revised NZTA three year programme reduced maintenance & renewals	(461)	(630)	(621)	(907)	(1,163)	(1,153)	(1,450)	(1,735)	(1,791)	(2,167)	161, 162, 202
		(54)	(476)	(768)	(618)	(1,162)	(1,153)	(1,449)	(1,734)	(1,790)	(2,167)	



DIRECTION SETTING

Review the past to plan the future

The previous plan was prepared in the context of the emerging global financial crisis although, at the time, it was not predicted to be as significant for New Zealand, and therefore Rotorua, and was certainly not expected to endure for the period it has.

It is pleasing to note that even in the tough economic times of 2010 and 2011 Council achieved the majority of targets set. Much of the Corporate and Customer Services Group, Economic and Regulatory Services Group and Infrastructure Services Group outcomes were achieved. The three major areas not reached were:

- Lack of growth in revenue from Rotorua International Airport through lease payments and the Airport Development Levy. This was entirely due to the decline in passenger numbers and a lack of growth in frequency of trans-Tasman scheduled services. In addition, Council had assumed a third party investment in the airport would reduce the debt and the overall interest requirement on the remaining debt by approximately \$1 million per annum.
- Little to no uptake of the Grow Rotorua Development Fund. Likely reasons for the fund's lack of success included: not promoted to a wide enough audience of appropriate investors; Council's preference for equity and debt financing as opposed to a grant; the global financial crisis (GFC), and reduced ability of investors to find matched financing. As a result of this only one project has been funded.
- A range of capital projects rescheduled and delayed. Most significant of these has been delays in the lakefront development. Funding had been included in the last Ten Year Plan to redevelop the pier.

DISTRICT VISION

**Rotorua:
Living the dream - world class in every way**

During 2010 a process was used to identify a vision for the district, championed by the Rotorua Business Leaders Group (an informal group of business leaders fully committed to doing what is required to grow and build a successful economy for Rotorua) and Council.

Defining the three key themes

During development of Council's 2009-2019 Ten Year Plan three key themes emerged, each with a set of issues that impacted on Council's overall planning for the future and existing service provision. The 2009 themes identified were:

- Economic Growth: stimulating the local economy
- Sustainability: sustainable development approach to activities and services
- Affordability: holding rate increases to an affordable level over the ten years.

These themes have been tested again and largely remain appropriate drivers for planning. The three key themes help to deliver the Long-term Plan and to manage costs and revenue. The impacts and projects associated with them will influence the direction of Council's delivery of services and costs. This means that some activities the community would like to see Council undertake are not able to be achieved in the next three years but may become more likely toward the latter part of the Long-term Plan.

The three revised 2012 key themes are:

- Theme 1: Economic prosperity: council investment focused on contributing to the district's economic growth.
- Theme 2: Environmental improvements: a sustainable and targeted contribution to improving the district's natural and built environment.
- Theme 3: Continuous business improvement: a council that is focused on customer services with continuous productivity improvement.

Theme 1: Economic prosperity: investment focused on the district's economic growth

In order to be effective in achieving improved district prosperity, there must be a strategic focus on what drives our economy upwards. The strategic direction and development of objectives has come together in the Sustainable Rotorua Economic Growth Strategy.

Much of what Council does beyond direct involvement in economic development also contributes to the district's economic growth and development. In fact everything Council does makes a contribution to the district's wellbeing and therefore to its economic growth and development. Examples are:

- Millions of dollars spent every year on roading and road safety to ensure the network's sustainability for people to go about their business and personal lives, and for the transport of goods.
- Having quality infrastructure for management of water, wastewater and stormwater is vital to business growth and development.
- Excellent community facilities are important for attracting and retaining a quality workforce.
- An enabling regulatory environment with a focus on quality outcomes rather than simply process compliance makes the district attractive to new investment.

Other reasons for an increased focus on economic growth are:

- Council's investment in the Rotorua International Airport has been substantially higher than originally budgeted for in 2004. From 2006 to 2009 New Zealand's construction costs increased dramatically requiring budgets to be increased. Final project costs, whilst in line with construction budgets, were far in excess of the expected costs back in 2004. Since then the 2008 global financial crisis has had a detrimental affect on profitability of the airport with passenger numbers around 100,000 below pre-2008 numbers. As a result of these higher capital costs and lower revenue, Council believes it is unlikely that the airport will be self-funding for the period of this Long-term Plan and requires rates funding support (\$4 million per annum over the ten years of this Long-term Plan). A focus on economic growth can now therefore contribute to the airport's future financial sustainability.

- There are a number of key partnerships that Council is developing with a range of organisations including iwi, Scion, Rotorua Business Leaders Group, Upper North Island Strategic Alliance, Auckland and Bay of Plenty local authorities, and regional tourism organisations. These relationships and partnerships will assist in the growth of the Rotorua economy.
- The approach to cost control adopted by Council is similar to the current central government direction to remove barriers to growing the economy and at the same time improve productivity and reduce cost. This requires a careful balance between ensuring levels of service are maintained and ensuring capacity to drive economic growth.

When Rotorua achieves the targets outlined in the Rotorua Sustainable Economic Growth Strategy (over a five year period), there should be:

- 557 new businesses
- 2,761 more jobs
- 3,887 extra people in the district

Delivering Theme 1

Rotorua Sustainable Economic Growth Strategy

In September 2011, Council adopted the Rotorua Sustainable Economic Growth Strategy (the strategy) and in November 2011 agreed to consider the establishment of a council controlled organisation (CCO) as the preferred structure to drive implementation of the strategy. The CCO has now been adopted by council and \$850,000 included in the Economic Projects budget to fund establishment and operation of this entity in 2012/13.

The strategy has a very clear aim of lifting the reputation of Rotorua as a leader in the forestry and wood processing, tourism, geothermal and agricultural sectors, and to be recognised as a preferred lifestyle destination, as an attractive and easy place to invest and do business in, and as a district with an enabling regulatory environment. This direction is designed to contribute to the realisation of the district vision of 'Rotorua: Living the dream – world class in every way.'

The Rotorua Sustainable Economic Growth Strategy has a number of strategy areas directly related to Council. A generic strategy area, 'A go ahead District Council with a business friendly and can do attitude' is evidenced as follows:

Generic strategy area	Instrument/activity	Targeted Outcomes
a) Development of district infrastructure to support growth	Development of infrastructure (e.g. roading and IT network) to support economic growth initiatives including wider regional infrastructure linkages.	Built infrastructure (e.g. roading, water, sewerage, information technology, and other utilities) to support growth.
b) A District Plan with a major focus on sustainable economic growth.	Use of District Plan and other regulatory and planning documents to achieve sustainable economic growth. Note that in terms of structure, hard infrastructure and regulatory and strategy documents should be aligned.	Sustainable district economic growth environment and resources available (e.g. land) to achieve sustainable growth.
c) Enabling regulatory functions including alignment of planning and policy documents to create investor certainty.	Plans and policies aligned and embedded into council operations.	Sustainable district economic growth as shown through clear performance measures.
d) Integration of this plan into Council's annual and long-term planning processes and structures.	Council's annual and long-term planning is aligned with the objectives and parameters of this document.	Council has a clear economic development strategic direction integrated into their planning and demonstrated through their actions and allocation of resources.
e) Effective, efficient and friendly services.	Council develops and maintains services to meet the needs of the Rotorua community and measures the delivery of services from a customer perspective.	Council is recognised as a customer-friendly organisation.

Rotorua International Airport

***Providing an airport comes at significant cost to ratepayers ...
but failure to provide an airport would come at an even greater cost to our
community and to our future potential***

Introduction

Over the last decade Council has developed Rotorua International Airport (RIA) to meet both domestic and international aircraft, safety, security, traffic and passenger requirements. Those development costs were initially 'ring-fenced' as self-funding council-owned airport infrastructure requiring no rates funding.

However, in the last annual plan (2011-12), Council acknowledged that the impact of a combination of challenges to the airport's business and planning environment over years meant some rates funding had become necessary. An amount of \$ 4million from general rates was therefore included in the airport infrastructure activity last year.

It is now clear that the only prudent approach for this Long-term Plan is the inclusion of rates-sourced funding for the ten year period the plan covers. An allocation of \$4 million per year for the next ten years is the result of the following challenges:

1. **The Global Financial Crisis (GFC):** This has significantly reduced domestic and international passenger numbers resulting in revenue from airport operations being significantly down on previous Ten Year Plan forecasts.
2. **Delays:** A number of unforeseen events delayed completion of airport infrastructure development meaning trans-Tasman services did not commence until December 2009. It is expected that, had the airport been trans-Tasman ready much earlier, and before the onset of the GFC, there would have been significantly higher passenger demand established and a wider range of trans-Tasman destinations and service frequency. In other words, the airport would have been a much bigger business and more easily able to ride out the GFC.

3. **Lack of external funding:** Previous plans anticipated external equity or grant funding from organisations such as Bay of Plenty Regional Council, iwi trusts, other airport businesses, infrastructure investment companies, philanthropic trusts, etc. However, given the reduced levels of revenue generated from airport operations as a result of the GFC, it has been necessary to take a more conservative approach and now assume that such external investment is unlikely in the meantime.

Trans-Tasman readiness delays

Over a number of years there was strong advocacy from the local tourism industry for a trans-Tasman service and the council was challenged to provide the necessary airport infrastructure upgrades to make this a reality, such as runway lengthening and strengthening, terminal upgrading etc. Comprehensive forecasting, economic demand analysis and modeling clearly supported this investment. At the time all indications showed that the investment would achieve a commercial return over a period of time.

When these investment decisions were made the New Zealand and international economies were performing well. However a number of critical delays seriously affected progress, including:

- Significant delays in securing necessary regulatory consents, District Plan changes and designations, followed by subsequent appeal processes, and the impact of appeal results;
- Construction delays increased actual costs over budgets as opportunities to take advantage of a period when construction costs were significantly lower, were lost;
- Unexpectedly Qantas withdrew all New Zealand domestic services in 2009 resulting in a loss of 50,000 passengers per year for Rotorua on the important Christchurch-Rotorua route. While Jet Star replaced Qantas in New Zealand in July 2009 Rotorua's runway extensions, able to accommodate the airline's larger A320 jet aircraft, were not completed until October 2009.
- Air New Zealand replaced its B737 jet service on the Christchurch-Rotorua route with an ATR Turbo Prop aircraft, reducing capacity even further;
- The global financial crisis in 2008 saw a severe decline in passenger numbers (by 28%). More than three years later, passenger numbers remain below 1998 levels, and passenger and revenue forecasts have had to be significantly reduced.

These delays have all impacted on the financial returns of RIA and its profitability. This necessitated major financial planning revisions in the 2011/12 Annual Plan to fund interest on the ring-fenced Rotorua Airport infrastructure debt.

Infrastructure investment

Council has made significant investment over the last ten years to ensure the airport is 'fit for purpose.' This includes accommodating the latest new generation jet aircraft for both domestic and trans-Tasman services. In 2012 that investment, including some capitalised interest, was \$59 million.

Contribution to the economy

The airport is a significant and strategic infrastructural asset contributing between \$50 million and \$100 million to the regional economy every year, according to an independent economic impact report published in 2011. The economic impact on the wider Bay of Plenty and Waikato regional economy is higher again.

Operating the airport

Council owns the airport infrastructure, including land, runway, car parks, terminal, secure lounge and other associated buildings. Council manages these infrastructure assets in much the same way as it manages other infrastructure assets in the district, such as roads, water supplies, waste water schemes, landfill, parks and reserves etc.

The infrastructure is leased to Rotorua Regional Airport Limited (RRAL), a company 100% owned by Rotorua District Council but operating as a stand alone business. RRAL is charged with operating the airport, and with achieving a number of agreed objectives and targets. These are set out in the RRAL Statement of Intent which is submitted to the council each year.

Previous Ten Year Plans

Council established a goal of investing in airport infrastructure development to ensure the airport was trans-Tasman capable and ready. This required changes to the District Plan, lengthening and strengthening of the runway, upgrading terminal and car parking facilities, and safety and security upgrades to ensure compliance with new global airport standards.

There has then been a long and transparent history signalling Council's intentions for the airport, with statements made in each of the last two Ten Year Plans, summarised as follows:

2006-16 Ten Year Plan

The 2006-16 Ten Year Plan provided for \$18.6 million of external equity and a \$53 million capital expenditure programme. The net cost of service showed a forecast deficit in 2006 and subsequent surpluses for the following three years. These forecasts were based on the assumption that there would be external funding.

2009-19 Ten Year Plan

The 2009-19 Ten Year Plan noted the capital expenditure was due for completion in July 2009, and work was well underway on developing branding for a wider-Bay of Plenty cooperative marketing initiative.

It was noted that the capital development should be self-funding with no general rates income required. This activity would be funded entirely from the Airport Development Levy, lease payments from RRAL and other external sources. Scenarios were developed using a mix of funding sources including:

- assistance from Bay of Plenty Regional Council's Regional Infrastructure Fund in the form of grant, loan or equity investment
- a loan, or equity, from Rotorua Trust (Rotorua Energy Charitable Trust) on commercial terms
- equity capital from a share issue to the Rotorua business sector, in particular the visitor industry which had lobbied for airport investment, and the wider community.

The airport was forecast to be a financially successful asset over a period of the next 10 to 15 years. In the immediate term, as trans-Tasman services built, net income would be used to fund interest costs and therefore any equity issues would produce little or no dividend for the initial 2 to 5 year period. Some sensitivity analysis was undertaken to demonstrate the importance of a range of funding sources over and above council borrowings.

Forecasting in the current environment

One of the most challenging planning elements in preparing the draft Long-term Plan for 2012-2022 has been forecasting net revenue from the lease of the council's airport infrastructure assets during these uncertain economic times. In previous periods the council has had reason to be optimistic about further growth potential of our trans-Tasman and domestic services. This Long-term Plan however uses more conservative assumptions.

The first and key assumption change from previous periods is that no external funding is anticipated, such as a grant or new shareholding. In the past such funding has been estimated at \$16 to \$18 million. However the council remains firm in its belief that the airport is a vital regional infrastructure asset and that there is a compelling case for regional council investment. If the regional council was to accept our point of view and agree to take a stake in the airport there would be some pressure taken off the current situation. However this draft plan does not account for such funding to eventuate.

The second assumption where a more conservative approach has been taken relates to the growth of trans-Tasman services. Previous pre-GFC plans had forecast up to 10 direct trans-Tasman flights a week, servicing two Australian east coast cities. At present only two weekly services operate, between Sydney and Rotorua (with a third scheduled for the December/January peak). While such growth expectations were entirely realistic and reasonable at the time, the GFC has necessitated a much more limited view of growth for the meantime.

Ring-fenced costs

Throughout the RIA planning process, Council has signalled its intention for airport infrastructure investment to be ring-fenced and funded from user charges, such as airport development levies, lease payments from RRAL and other rental revenue. This view was based on robust financial planning, asset management plans, an airport master plan and economic demand models at the time. All planning clearly showed that airport infrastructure assets and operating activities would be self funding.

However the GFC, delays in establishing trans-Tasman capability and the non-realisation of external funding objectives have all impacted on RRAL's financial returns and hence, on its profitability. This has had a direct impact on revenue that the council earns from its leased airport assets. The financial situation reached the point where major funding changes were required in the 2011/12 Annual Plan where rates were required to assist with funding interest on the ring-fenced Rotorua airport infrastructure debt.

Effects on debt



Conclusion

Asset Development

Over the past ten years Council's leadership and investment have ensured that the airport is in good shape to meet both the demands of today's markets and the substantial potential capacity of the future. This investment has 'future proofed' the airport to accommodate foreseeable demand over the next 10 to 20 years, and positions Rotorua well to take advantage of the inevitable economic recovery in due course.

Uncertain Future

- The effects of the GFC were first experienced in 2008 and four years later there remain limited signs of recovery around the world. In fact the state of the economies of Europe and the USA indicate there is some distance to go before we see real signs of a permanent recovery of global economies.
- Additionally there are the uncertainties around travel and tourism because of lower disposable incomes, concerns about natural disasters (eg Japanese tsunami, Christchurch earthquakes) and ongoing terrorism risks.
- These, combined with the New Zealand government's decision to sell down part of Air New Zealand, rising aviation fuel costs and lower profitability of airlines in general, makes the future extremely uncertain for Rotorua's airport.

Conservative Forecasting

In the past the council has been optimistic about the demand for trans-Tasman services, the cost of construction and overall growth in domestic services. The airport is now caught in a situation common to airports around the world where they are experiencing rising costs and reducing revenue. The future of Rotorua International Airport is today significantly different to what was forecast in the past in a different economic climate. We now need to be far more conservative and therefore the council has no option but to take a comparatively more pessimistic view of the future, for the time being.

Economic considerations – regional benefits

RIA is important to the region. It contributes an estimated \$50 to \$100 million to the regional economy and \$70 to \$140 million to the wider Waikato and Bay of Plenty regions.

Community Asset

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

Council continues to network with all stakeholders and interested parties to ensure that our strategies, conservative as they may be, support the local economy and the wider regional economic potential. This ensures Rotorua's status as an iconic visitor destination is preserved.

Council will continue to report on progress with the airport's development through Annual Reports, and subsequent Annual Plans and Long-term Plans.

It is clear that the only prudent approach for this Long-term Plan is the inclusion of rates-sourced funding for the ten year period the plan covers.

***Providing an airport comes at significant cost to ratepayers ...
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Theme 2: Environmental improvements: a sustainable and targeted contribution to improving the natural and built environment

The slight change in focus from the previous theme of 'sustainability' is designed to emphasise the importance of Council's role in partnering with the Bay of Plenty Regional Council, Te Arawa Lakes Trust and the Crown (through the Ministry for the Environment), for the monumental task of improving lakewater quality of Rotorua lakes. Although Council would have completed its tasks for building new lakeside community sewerage schemes to replace septic tanks within the next five years there will need to be continued emphasis on changes in land management and land use. All will require commitment by Council to work with the wider community, particularly rural property owners, to bring about these changes in a way that sees lakewater quality a priority, without destroying the wealth of landowners. This will be a partnering arrangement using the Bay of Plenty Regional Council's Regional Policy Statement and the Rotorua District Council's District Plan.

Delivering Theme 2

Lakewater Quality

The Rotorua district covers 2,600 square kilometres within both the Bay of Plenty and Waikato regions with 16 lakes, many of which are regarded as of national significance and of great importance to the people of Rotorua. Fifteen of the lakebeds are vested in the Te Arawa Lakes Trust. Strategically the lakes are managed by the Rotorua Te Arawa Lakes Strategy Group. The three partners are Rotorua District Council, Bay of Plenty Regional Council and Te Arawa Lakes Trust, with support from the Ministry for the Environment. The Crown, through a funding deed, is providing \$32 million to the Rotorua District Council by way of a partnership to help with restoration of Rotorua lakes water quality.

Council has made a significant contribution to improving lakewater quality through construction of lakeside community sewerage schemes that are more efficient than the septic tanks they replace. This will lead to a drop in nutrients entering the lakes and corresponding improvement in lakewater quality.

The Financial Strategy includes the necessary funding from Rotorua ratepayers and subsidies anticipated from the Bay of Plenty Regional Council.

Geothermal

Rotorua also has high levels of geothermal activity which create unique natural features such as geysers and mud pools, along with economic potential from geothermal energy generation. There are obvious risks associated with volcanic activity including the impact of generation on surface features such as geysers, mud pools and other important visitor attractions. Council, along with the Bay of Plenty Regional Council, will be required to take a balanced approach to ensuring economic opportunities are explored and developed but not to the detriment of the geothermal attractions that Rotorua is famous for.

District Plan

The District Plan review is a major project and will focus on the following prioritised areas to improve environmental outcomes. Key issues that the Draft District Plan is proposing to address are:

- Helping improve lakewater quality by enabling land use change
- Enabling sustainable economic growth
- Increasing the cohesion, vitality and economic prosperity of the CBD
- Facilitating development opportunities on Maori land
- Maintaining urban residential amenity values
- Encouraging good quality design in subdivision
- Recognising and projecting landscape features of the district that are an important resource for recreation and tourism



Theme 3: Continuous business improvement: a Council that is focused on customer services and continuous productivity improvement

The previous Ten Year Plan had a focus on affordability by holding rates increases to an affordable level over the ten years. This was to be achieved while maintaining levels of service, increasing user charges and attracting external funding sources for the airport. Since then Council has adopted the Lean Thinking productivity and continuous improvement concept. The implementation of this concept will allow Council to deliver on the affordability promise with added emphasis on quality customer service and continuous improvement.

Delivering Theme 3



Rotorua District Council is implementing a bold programme of increased efficiencies and continuous improvement based on the successful international business concept known as 'Lean Thinking.' Over a number of years the programme has been introduced, with significant success, to thousands of companies and public sector organisations throughout the world.

The council believes that full implementation of Lean Thinking across the council's operational and service delivery activities has the potential to produce savings of approximately \$10 million over the course of the Long-term Plan. These projected savings are accounted for in the budgets of this plan and have helped the council to be in a position to signal low level rates increases (no more than 3.5% for years 1-3) and well below the significant cost increases reflected in national local government cost indices.

Forecast efficiency gains from implementation of the Lean Thinking concept across activities of the council are covered in the following table.

RDC began integrating Lean Thinking into the organisation's operations in 2011. In the short time this has been in place teams and individuals across the organisation have already developed new skills, improved a number of systems and processes, and brought better performance to several council activities.

Under Lean Thinking, staff members are encouraged to bring more flexibility to their work, to be innovative, and to find creative solutions to problems, so the expectations of customers are better met. In simple terms it is about doing things better, faster, easier, and at less cost.

The core objective is to lift service standards for customers while minimising waste. Lean Thinking means the creation of more value for the council's customers while using fewer resources. As a Lean Thinking organisation we understand customer expectations and we focus on key processes that continuously increase value for those customers.

RDC's Lean Thinking programme includes the following concepts:

Value Stream Mapping (VSM)

Value stream mapping refers to the activity of developing a high level visual representation of a process flow that may be involved in delivering a product or service (ie a 'value stream') to customers. VSM typically takes three to four days and focuses on identifying and reducing sources of non-value added activity and prioritising future improvement action.

Kaizen

This concept was originally used in the Toyota company and means '*to change for the good of all*'. Kaizen activity is often focused on rapid process improvement events (ie Kaizen events) that bring together a cross-functional team for around three to five days to examine a specific process and to then immediately implement process changes that will improve service delivery.

5S

'5S' is the name of a workplace method that uses a list of five Japanese words which, when translated into English, all start with the letter 'S.' These are:

- Sort
- Set-in-order
- Shine
- Standardise and
- Sustain.

The following characteristics are integral to RDC's Lean Thinking approach:

- We take a customer service perspective by seeking to optimise value for the general public, the regulated community, and other community stakeholders;
- We involve employees and external stakeholders in ongoing improvement and problem-solving activities;
- We deploy a continuous improvement framework that emphasises rapid implementation rather than prolonged planning;
- We aim to reduce the complexity of processes and variation in process outputs;
- We use performance metrics and visual controls to provide rapid communication and feedback in order to improve real-time decision-making and problem-solving.

Efficiency gains from Lean Thinking implementation

For the year ending 30 June:	2013 (\$000)	2014 (\$000)	2015 (\$000)	2016 (\$000)	2017 (\$000)	2018 (\$000)	2019 (\$000)	2020 (\$000)	2021 (\$000)	2022 (\$000)	Ten Year Total (\$000)
Corporate and Customer Services Group	-	11	200	214	211	227	233	241	249	257	1,843
Economic and Regulatory Services Group	161	192	209	251	259	277	293	336	358	380	2,715
Infrastructure Services Group	61	211	351	388	488	548	596	712	730	852	4,938
Council	222	414	760	853	959	1,052	1,122	1,288	1,338	1,489	9,496

These savings have been incorporated into the preparation of the budgets for each of Council's services.

“We strive for excellence, continuous improvement and value for customers”

[Rotorua District Council vision, mission and values]

Monitoring and Corrective Action

Key Theme

This Long-term Plan has a particular emphasis on Council's investment in economic growth. However this comes at a cost. Focusing on economic growth for the first three years along with rates increases as low as 2.9% during that period means that debt repayment will be lower during those years. However from year 2016/17 onwards loan repayments will then increase.

Development Contributions

The Long-term Plan continues to rely on Development Contribution (DC) levies to fund growth infrastructure. DC revenue is significantly less than the corresponding capital expenditure during the period of the plan. Therefore Council will need to borrow to cover the shortfall in the interim. This will mean that the borrowing associated with DC funded projects will increase from \$34 million in 2013 to \$80 million in 2022.

Monitoring

Council monitors the progress of its financial and non-financial position and performance in detail, on a quarterly basis. Each year there will be a particular focus on reviewing the effectiveness of the Rotorua Sustainable Economic Growth Strategy and the associated growth targets. The performance of DC revenue collection will also be monitored very closely. Any change necessary to provide corrective action will be included in the subsequent annual plan. There will then be comprehensive reviews of both the overall Rotorua Sustainable Economic Growth Strategy and the Development Contributions Policy for the next Long-term Plan. This will ensure that any other systemic corrections required can be included in the subsequent Long-term Plan.

In addition, Council will report against each year of the Long-term Plan in audited Annual Reports. This will provide a further opportunity to assess how well Council is tracking against the plan and to address any changes and corrective actions that may be required.

Uncertain Futures

There is an age old expression "we *don't* know what we *don't* know". This Long-term Plan has a very clear strategic direction for the next three to five years. The following five years of this plan is less certain. Council is very clear about the infrastructure that is required to be managed and developed. Service levels will be managed within the levels set out in this Long-term Plan. However the effects of climate change, the emission trading scheme, changing population demographics, new technology, recovery from the global financial crisis, development of geothermal resources and preferences of our Generation X and Generation Y population will all create expectations of Council which are unknown at this time.

Recent announcements of Local Government Reform

Former Local Government Minister Nick Smith has very recently announced a package to reform local government. The Government has advised that the first stage of proposed reforms will be included in legislation by September 2012, and the balance in 2013. Any changes required to our Long-term Plan will be considered at an appropriate time, once the implications of any legislative change have been fully considered.

FINANCIAL

STRATEGY

Introduction

The financial strategy is both an overall direction for the financial side of the Long-term Plan and a synthesis of the financial issues and consequences of council policies and service delivery decisions. It tells our community what will be provided and how much it will cost, taking into account pressures and demands from competing wants and needs of the community. In planning its business, the council must undertake a balancing act of delivering services while keeping the funding required affordable, ensuring equity between current and future generations, fairly sharing the costs of delivering these services across different users and maintaining a strong balance sheet.

This financial strategy brings together important information in the Long-term Plan to highlight the much greater focus on and commitment to growing the Rotorua economy. The first three years of the 2012-2022 period will provide funding and resources that ensure Council makes its very best possible contribution to assisting with the district's economic growth. The performance framework for groups of activities sets out the specific measures and targets to help grow the Rotorua economy faster than otherwise would be the case. Once the district's economy improves, estimated to be in 2015, there can be a shift in focus to debt repayment and greater emphasis on community development.

The Local Government Act was amended in 2010 and now provides a hierarchy to the planning requirements for the Long-term Plan at four levels, these being prudent financial management, strategic approach to financial planning, the need for a balanced budget (i.e. operating revenue matches operating expenditure), and funding and financial policies.

The diagram below shows the relationships in summary form for each of the four levels.

Section 101 – Financial management

A requirement to manage finances prudently and in a way that promotes the current and future interest of the community.

Section 101A – Financial strategy

A requirement to adopt a financial strategy that informs and guides the assessment of funding and expenditure proposals.

Section 100 – Balanced budget requirement

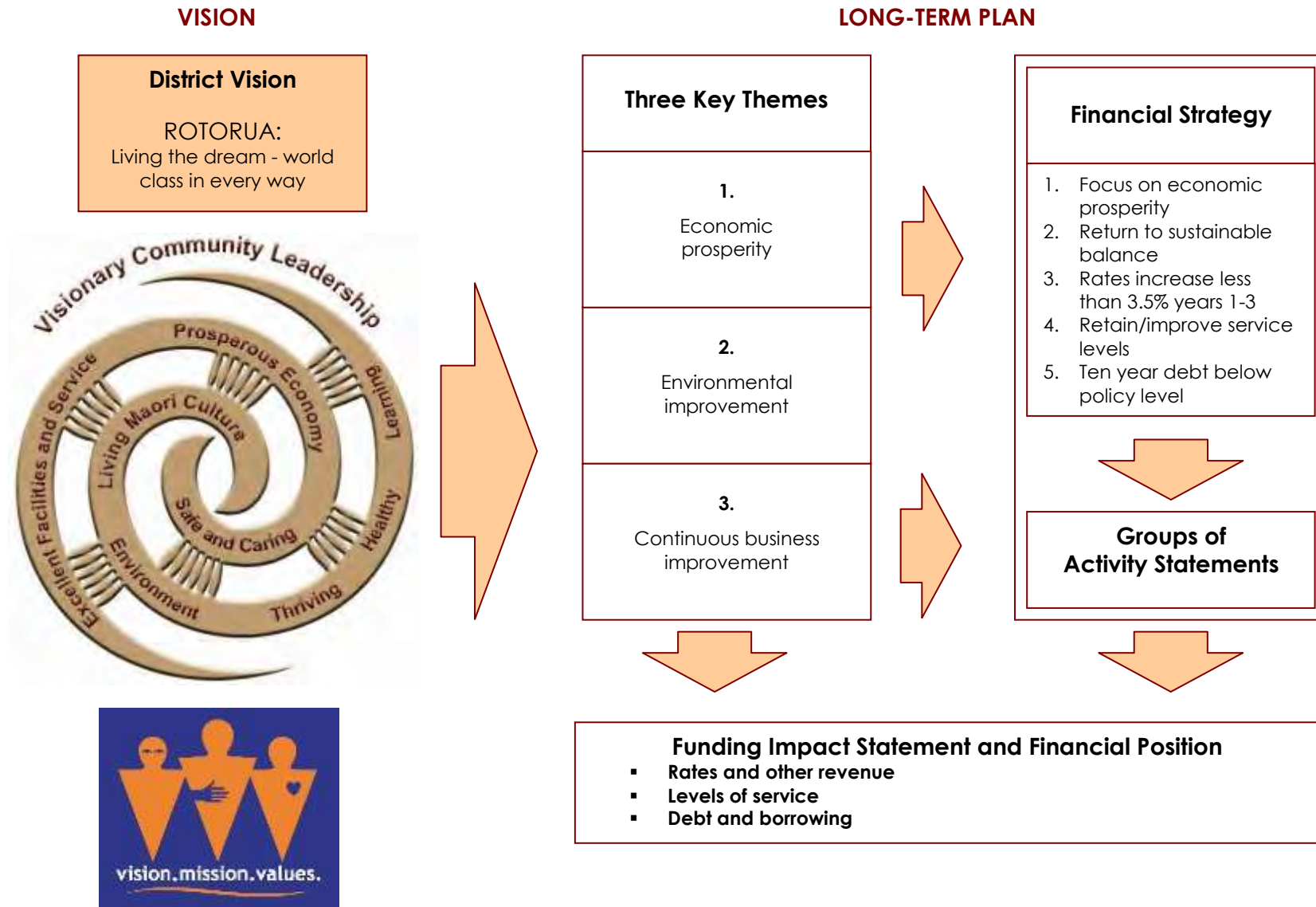
Operating revenues must be set at a level sufficient to meet operating expenses, unless prudent not to.

Section 102 – Funding and financial policies

A requirement to adopt a set of funding and financial policies to provide predictability and certainty about sources and levels of funding.

Developing this financial strategy has been an evolving process that acknowledges the need for effective cost controls to achieve low rates increases (i.e. less than 3.5% for years 1-3), managing debt in a prudent financial manner, preserving levels of service and a very real focus on economic growth in the Rotorua district.

This diagram shows the financial strategy in the context of the full Long-term Plan and relationships to the district vision, council community outcomes and RDC vision, mission and values.

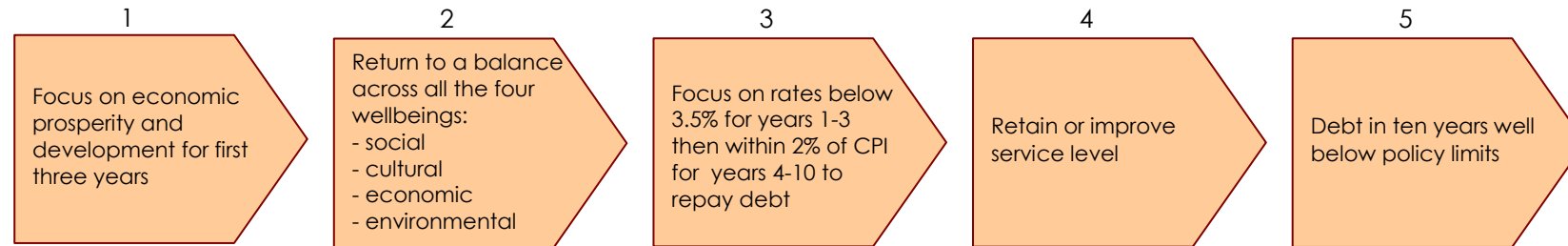


The long-term financial goal

The long term financial goal is to achieve Council's aspirations identified in the Long-term Plan in a prudent manner, using Council's financial management principles to promote the current and future interests of the community. These aspirations fall under the headings of **"the 5 drivers of financial management"**

Council understands its role is to improve the prosperity of those who live, work, play and invest in our district. To be successful in that role Council needs to ensure it is making its optimum contribution to economic growth; continuing to promote protection and enhancement of the environment; is easy to do business with and has a continuous improvement approach to productivity.

The 5 drivers of financial management



District financial outlook

The recently adopted Rotorua Sustainable Economic Growth Strategy noted that Rotorua's "... economy has become more diverse over the past decade. However the district's economic performance has been languishing". Between 2009 and 2010:

- Rotorua GDP fell by 1%, compared to a national fall of 0.4% (ranking Rotorua 44th out of the 72 territorial local authorities or TLAs).
- Agriculture grew by 0.6% compared to national growth of 2.4%.
- Tourism accommodation declined by 3.1% compared to the national fall of 1.5%, and estimated tourism sector production declined by 2.8% compared to the national fall of 1.9%.
- Transport and logistics production fell by 11.2% compared to the national fall of 6.2%.
- Machinery and equipment manufacturing declined by 19.5% compared to the national fall of 16.3%.

Notably, employment growth fell by 3.8% against the national fall of 2.5% (ranking it 63 out of 72 TLAs). Also, while estimated district population grew by 0.6% to 68,600 in 2010, New Zealand's population grew by 1.2% over the same period.

Financial strategy basic principles

The principles used to develop the financial strategy are:

- Today's ratepayers will pay a fair contribution to the cost of infrastructure and services.
- Costs associated with growth should be funded by the incoming growth community.
- User charges will be applied as much as practicable and affordable where an identified benefit exists.
- Council will borrow to fund large intergenerational capital projects to smooth the cost of major items of expenditure.
- Council will endeavour to partner with philanthropists/funding agencies/local businesses through the Rotorua Partner Programme to part fund major capital projects.
- Council will continue its approach towards the beneficial development of shared services with other local authorities where the outcomes are similar and there is benefit to the ratepayer.
- Council will only fund depreciation to the level of renewals. This alleviates the need to build unnecessary cash reserves which would be necessary if the full cost of depreciation was to be funded.
- Council will continue to encourage economic growth within the district by including incentives for developments where necessary (subsidised development contribution levies in the CBD).
- Allocation of funding is based on Council's funding policy which sets the level an activity is funded by rates.
- Uniform charging (within legislative limits) is applied to properties where activities have a similar benefit.
- A system of differential rating and targeted rating is applied to allocate assessed benefits of some activities to different sector groups.
- A portion of the rate requirement is considered to be a tax on capital value and as such will fluctuate with property value movements.

A more stable rating system

The decision to change our rating system has been prompted by major shifts in official property valuations across the district. These have resulted in distortions to our current rating framework. While this will produce a favourable swing downwards in rates for the farming sector it will result in sizeable upward increases for other ratepayers.

A summary of the valuation movements for each category of property for 2011 since 2008 is set out below:

Property Category	Capital Value Change (2008-2011)	Land Value Change (2008-2011)
Residential	-8%	-6%
Commercial	-14%	-14%
Industrial	-5%	-9%
Lifestyle	-6%	-9%
Dairy Farms	-32%	-38%
Pastoral Farms	-37%	-38%

In examining options the council endeavoured to ensure the rating framework remains stable enough to minimise the need for adjustments every three years, to compensate for the valuation impacts.

Council is making the following changes:

- Change from a land value to capital value system.
- Remove all general rate differentials with exceptions being to apply a:
 - 85% differential to Rural Residential properties
 - 220% differential to Business properties
 - These exceptions are envisaged to be temporary to assist with transition in the longer term to an undifferentiated rating system.
- Merge targeted rates for Rooding and Stormwater & Drainage back into the General rate.
- Change the way the Business and Economic Development Targeted rate is allocated across the three targeted sectors to 80% business, 10% industrial, 10% farming.
- Replace the Business and Economic Development variable targeted rate from the home-based short term accommodation (B&B) sector with a stepped fixed charge based on the number of rooms let.
- Remove rating apportionments (parts) for those properties where the minor part has not been created for the purposes of assessing rates for a higher rated use e.g. motels with a minor residential part.
- Clarified holiday homes will be rated as residential so long as not let for more than 100 days per annum. Beyond this will be considered to be principally business use.
- Merge all rural water supplies with the urban supply in a single targeted rate (excluding the two predominantly farm supplies of Kaharoa and Reporoa).

Changes to the water targeted rates may allow Council to reduce the rural residential differential (proposed at 0.85%) more quickly than the business differential.

Changing how we treat rural water supplies

Each of the district's eight water supplies (Urban, Mamaku, Rotoiti, Rotoma, Kaharoa, Reporoa, Hamurana and Okareka) has operated as a stand-alone cost centre. This means the revenue from targeted rates and development contributions from users within a designated water supply area was used to fund costs generated from that particular water supply. There was no cross-subsidisation between supplies, or from other council activities.

Physical changes have been made to several supplies over time meaning that separation became blurred. Okareka was connected to the Eastern bulk supply, and Kaharoa and Hamurana shared the same primary pumps and reservoir.

These changes, including all supplies meeting strict water standards has meant that what was once quite different levels of service for many supplies are now the same.

Financial forecasts highlighted the fact that for all rural water supplies, the level of targeted rates fell well short of matching operating expenditure – clearly an unsustainable situation. It is not possible to reduce the operating expenditure while maintaining levels of service, and therefore the forecasts revealed a requirement for very large targeted rates increases over the next five years to remedy this situation.

Reducing expenditure could have exposed smaller schemes to higher levels of risk, as the cost of non-urgent maintenance and carrying standby infrastructure is too great.

Therefore the only option for preventing major increases (such as Mamaku for example requiring 20% increases per annum for five years) has been to aggregate the operational costs of all water schemes across the district. This will mean an extra \$6 charge per property per year to urban ratepayers but will provide a stable operational charge across the district. This is the same approach that Council applies to waste water operational costs where sewerage schemes are equalised. Any new water schemes would be required to separately fund the initial capital cost as is the case with new sewerage schemes.

In setting the new water targeted rate Council has been mindful of:

- Setting similar charges for similar levels of service.
- The need to set variable (per m³) rates at a level which encourages water conservation.
- Eliminating differences in water charges (per m³) between residential metered consumers and commercial/industrial consumers.
- Avoiding large increases for individual consumers.

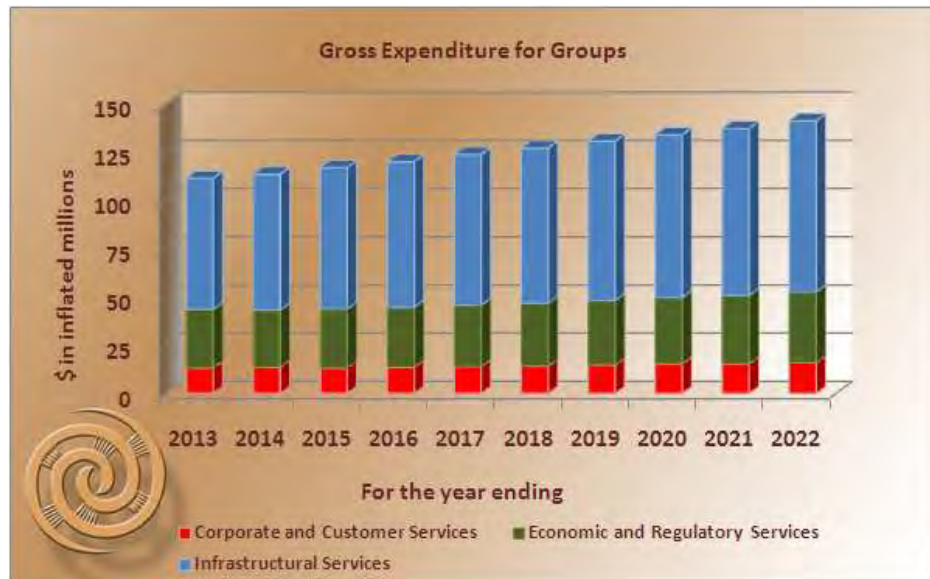
Funding the activities – what will it all cost?

Operating Expenditure

The Council is forecasting that operating expenditure will increase from \$112.8 million to \$143.1 million (or approximately 26.8%) between July 2012 and June 2022. These increases are a result of:

- Price increases – contract fees, oil prices, insurance and general cost inflation all mean it will cost more to conduct business
- Service level increases – the council will be providing a higher level of service in some areas
- Growth – there will be more households in the district (see growth assumptions section for more detail)
- Depreciation (renewals) and interest payment costs changing
- Levels of debt funding and interest paid on debt.

The following graph provides a breakdown of forecast gross operational expenditure, by activity group.



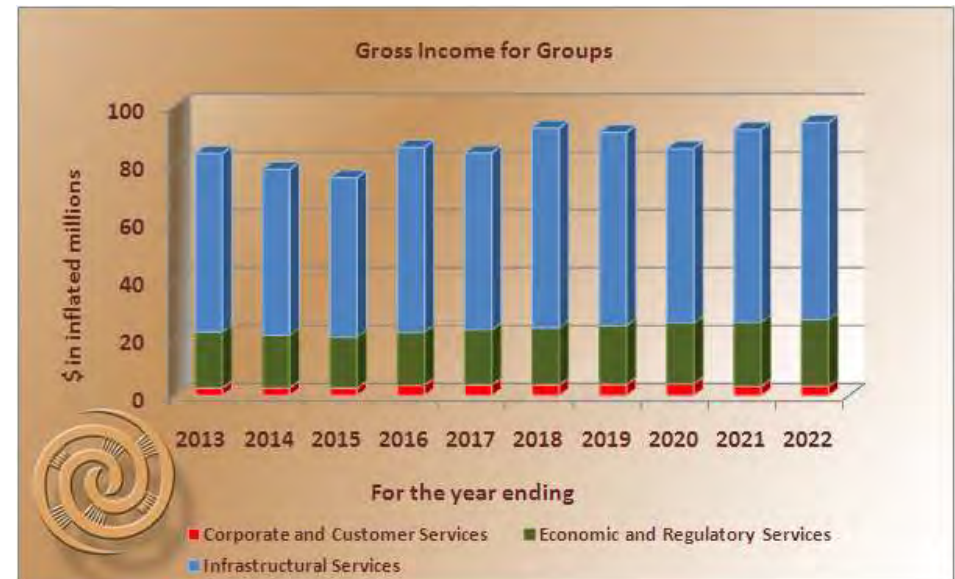
Castlecorp expenditure has not been shown as it is included within the groups to which it provides services.

Revenue

Council's revenue is forecast to increase from \$129.5 million to \$159.6 million (or approximately 23.3%) between July 2012 and June 2022. These increases are the result of:

- Rating revenue - annual increases in general and targeted rates, including new targeted rate revenue such as new wastewater schemes being developed
- Fees and charges - increases for some council services
- Grants, subsidies and donations - provided by external agencies or bodies for projects
- Growth - in visitor and resident use of services

The following graph provides a breakdown of the forecast gross income by activity group.



Castlecorp income has not been shown as it is included within the groups to which it provides services.

Surplus

Descriptions	2010/11 Actual (\$000)	2011/12 Annual Plan (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Total Revenue	117,914	125,121	129,500	126,667	125,184	137,288	137,042	148,082	149,073	145,637	154,786	159,629
Total Expenditure	110,259	109,895	112,803	114,909	118,351	121,364	125,260	128,626	132,185	135,518	138,875	143,058
Surplus (Excludes revaluation)	7,655	15,226	16,697	11,758	6,833	15,924	11,782	19,456	16,888	10,119	15,911	16,571

Capital Expenditure

Over the next ten years Council is forecasting to spend \$432.1 million on capital expenditure. Of this, \$200.5 million is for ongoing renewal of assets. Renewals are those parts of infrastructure that need replacement from time to time and are effectively expenditure to ensure the infrastructure can continue providing levels of service as in the past. This expenditure is required to address normal wear and tear on infrastructural assets (e.g. roading reseals). There is a sound understanding of component assets and their economic lives, so it is reasonably straightforward to plan and budget for their replacement. Detailed information on the management of Council's key assets is included in asset management plans.

\$106.0 million has been budgeted for growth related expenditure. Expenditure on growth assets is to provide for increased demand beyond the assets' current capacity, and \$14.2 million is to be funded from development contributions. Council borrows to fund capital expenditure and over time recovers the cost from developers. Council has been conservative in this Long-term Plan about how long it will take to recover development contributions from developers. The existing low levels of development contribution funding are being maintained for the next five years before gradually increasing. These forecasts will mean the council's debt will remain higher for a longer period.

Backlog expenditure is required to return infrastructural capacity back to previous service levels. \$34.4 million in expenditure is forecast through the term of the Long-term Plan. Council sometimes holds back required renewals where major developments are planned in the near future. In this way the projects can be undertaken at the same time. The major projects attributed to backlog over the next ten years are largely rural sewerage schemes and Victoria Street Arterial. Minor works in stormwater upgrades, public gardens and urban water supply upgrades account for the remaining.

\$91.1 million is allocated to levels of service for other assets and is funded primarily by loans. Council has been careful to balance the wants of our community with expectation to keep rates increases low. The key level of

service projects are identified in following section 'The challenges ahead in delivery of services'.

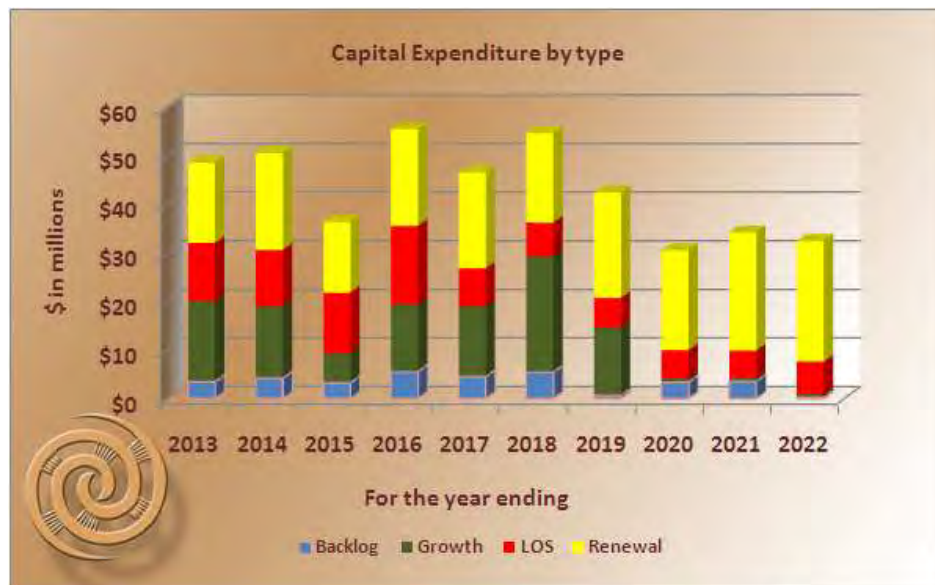
Council has a capital expenditure programme of some \$432 million, including inflation, over the next ten years. This capital expenditure is analysed into four categories which determine how the expenditure will be funded. The table below helps to explain how the expenditure is categorised and then sets out a funding source.

Capital expenditure categories	Funding source
Level of service To raise the current level of service associated with the asset	Debt This funding source ensures that current and future generations receiving the benefit of the service both make a contribution to the costs of capital expenditure – this is intergeneration benefit and allocation
Growth To provide excess network capacity that will provide for forecast growth in demand	Development contributions These levies are a charge to the developer to ensure ratepayers do not fund the increased capacity required in a network from this type of expenditure.
Renewals To replace assets that are at the end of their economic lives requiring renewal to ensure the service can continue to be provided at the same level	Rates, including general and targeted This expenditure is a similar amount each year of about \$14 million. There is a correlation between renewals and depreciation. It is therefore reasonable to expect ratepayers to fund each year's renewal programme directly from rates.
Backlog Some renewal expenditure will take place after the network has reached its capacity and in the interim there is a level of service reduction	Debt Backlog expenditure is treated similar to that of level of service expenditure and borrowings are used to fund the expenditure.

Note: Many capital projects have all four capital expenditure categories and hence multiple funding sources.

Capital expenditure by type (inflated)

	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	Totals (\$000)
Backlog	3,493	4,213	3,250	5,573	4,530	5,462	663	3,436	3,569	246	34,435
Growth	16,598	14,881	6,128	13,793	14,494	23,858	14,056	763	792	677	106,040
LOS	11,962	11,542	12,472	16,228	7,790	6,932	6,027	5,822	5,557	6,728	91,060
Renewal	16,529	19,933	14,509	19,904	19,789	18,442	21,677	20,566	24,301	24,864	200,516
Grand Total	48,582	50,570	36,358	55,498	46,603	54,695	42,424	30,587	34,220	32,514	432,051



The challenges ahead in delivery of services

A number of factors are expected to impact on the council's management of business and its finances over the 2012-2022 period. These are outlined below.

The economic climate

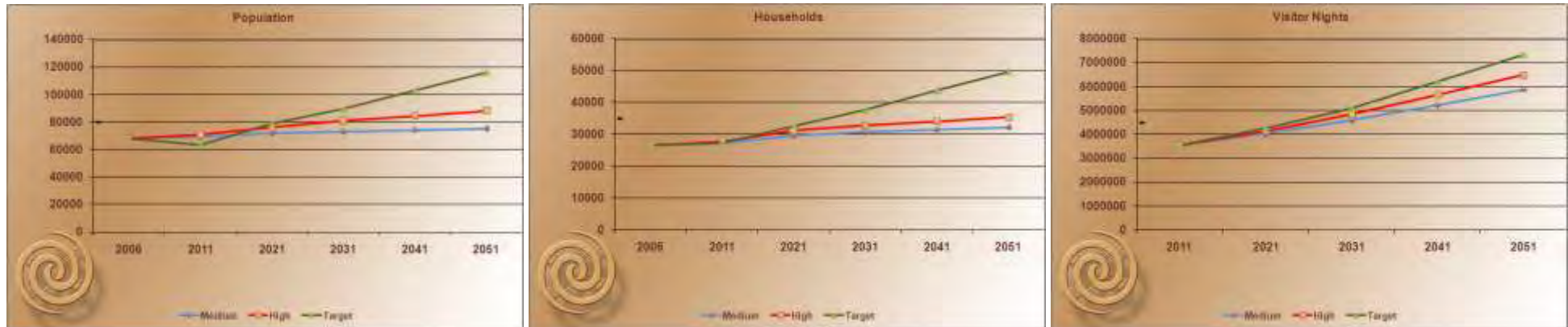
While the medium to long-term outlook for the New Zealand economy is positive, recovery of the domestic economy over the coming years will continue to be moderated by the lasting impact of the Global Financial Crisis (GFC) and the subsequent European Sovereign debt issues.

Growth - population

In order to inform future planning, growth assumptions have been developed identifying a number of growth scenarios. Council believes that it needs to be proactive in its assessment of growth to investigate strategic level implications, and view the consequences for future land use planning and asset management.

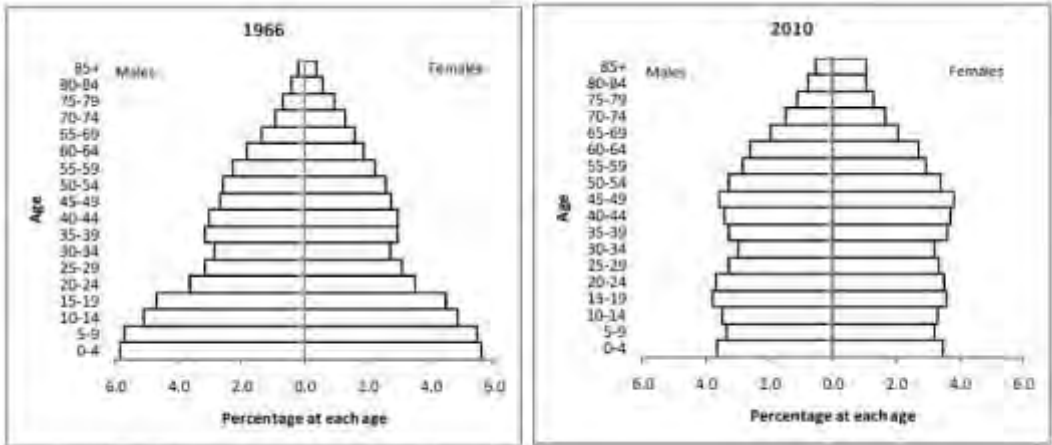
Rotorua District Council's growth model makes growth assumptions for the district through to 2051. The assumptions identify three key parameters: population, households (represented as household equivalent units - HUEs), and visitor nights.

The growth assumptions are not for the purpose of setting growth targets, nor are they assumptions that seek to promote growth. The assumptions have been developed in order to ensure that there is sufficient infrastructure provided for managing increases in population and visitors over the next 10, 20 and 40 year periods, and ensuring that there is sufficient zoned land to enable projected growth to occur. Council has decided to take the cautious approach to planning for growth in the wake of the economic crisis and natural disasters such as the Christchurch earthquake. To this end the medium forecast for growth has been used for modelling of project expenditure and needs assessments for capital investment.

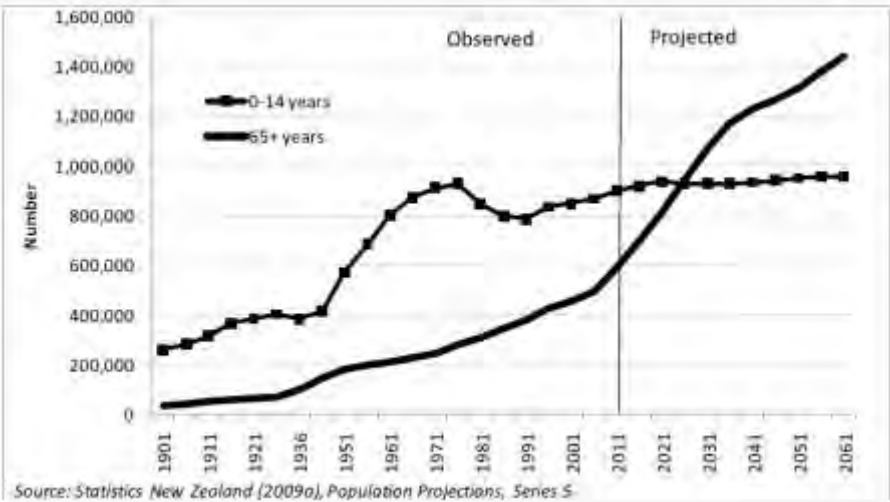


The district's population growth is forecast to be very low over this Long-term Plan period (4% increase in ten years, i.e. 2,622 people).

A trend within this overall population change is the increasing ageing population as baby boomers move into retirement. Rotorua also has a high percentage of population in the 15 to 24 age category. This category is likely to diminish over time as young people move out of Rotorua to attend tertiary education, travel and move to larger cities for work.



Source: Statistics New Zealand (various years), National Population Estimates



Source: Statistics New Zealand (2009a), Population Projections, Series S

Land use changes

Council is progressing with its review of the District Plan with the intention of more effectively supporting and enabling development in the district. Structure plans developed for the eastern and western areas around Lake Rotorua have been incorporated into the District Plan and ongoing development of sewerage schemes provide for sustainable growth around Lake Rotorua, Okareka, Rotoehu and Rotoma.

Growth assumptions have been developed for a medium population forecast, an additional 2,968 HUEs for 2011-2021 and 4,669 HUEs for 2021-2051, and for a high population forecast 4,123 HUEs for 2011-2021 and 6,758 HUEs for 2021-2051. These growth assumptions provide the basis of the Rotorua Sustainable Economic Growth Strategy, the Draft District Plan, Long-term Plan and Spatial Plan for the Rotorua district. Infrastructure investment (growth) has been set to support different levels of increase for a number of planning units in the district.

The following shows the additional Household Unit Equivalents (HUEs) based on a medium population forecast for the periods 2011-2021, 2021-2031, and 2031-2051. The total additional HUEs for households for the 2011-2051 period is also shown.

	Total HUE 2011-2021	Total HUE 2021-2031	Total HUE 2031-2051	Total HUE 2011-2051
City	889	625	1,125	2,639
Eastern	1,143	338	383	1,864
Eastern Lakes	169	93	174	436
Hamurana	147	142	367	656
Lakeside settlements	136	65	124	325
Ngongotaha	162	132	257	551
Northern	100	112	154	366
Rotokawa	66	68	119	253
Rural	157	144	249	550
Total	2,969	1,719	2,952	7,640

HUE = household unit equivalent. Three factors, population, households and visitors nights, represent a HUE.

Generally any expenditure required to cater for growth would be funded by development contributions.

Urban water supply

Council will spend almost \$60 million on capital projects for the urban water supply which includes renewal of the existing structure, increasing level of service and providing capacity for future growth and development. Council infrastructure is a very important part of ensuring Rotorua district has sufficient capacity for new investment.

Maintaining levels of service and meeting additional demands

Council will generally maintain current levels of services, except where there is already a commitment to change a level of service, or a commitment to build new facilities. These development commitments include:

- A number of roading projects that are a combination of providing for district growth and improvement in levels of service. They are: Victoria Street Arterial, Lake Road four-laning and \$1.1 million of rural seal extensions per year.
- Sewerage schemes for lakeside communities Mamaku and Reporoa
- Substantially upgrading some parts of the urban stormwater system to address deferred expenditure. This will provide an improvement in the level of service for a number of areas of the city.
- A number of new public toilets in reserves that do not currently have toilets.
- Economic Development is allocated additional funding in 2012/13 for attracting inwards investment and wealth creation initiatives, and CBD revitalisation and Lakefront development integration.
- Four new suburban skate parks (two already opened in 2010/11, one in 2012/13 and one in 2014/15).
- Aquatic centre developments.
- Rawhiti Street pensioner unit replacements.
- Landfill methane gas flaring initiative, offset by sale of carbon credits to NZ Government.

Council's focus is on maintaining or in some cases, as listed above, increasing levels of service. There is no intent to reduce levels of service.

Assessment around maintaining levels of service and demand

In making the assessment, consideration included:

- Expenditure associated with meeting legal requirements (e.g. processing time for resource consents).
- Expenditure irrevocably committed (i.e. projects already started, expenditure that is irreversible for other reasons).
- Expenditure that is essential (and why it is deemed essential).
- Expenditure needed to maintain existing levels of service.
- Expenditure needed to meet the needs of development and population growth.

- Expenditure necessary to meet planned increases in levels of service.
- Level of rate revenue required to meet the above needs and impact across the district's communities.
- Level of non-rate revenue required.
- Movements in debt.
- Mix of funding sources consistent with the funding and financial policies.

Intergenerational equity

The council has to consider the wellbeing of our communities now as well as in the future. As a result it seeks to ensure that, as far as possible, today's ratepayers only pay for the services they are likely to consume and not for benefits that will be received by new ratepayers in the future. This involves a balancing act, considering what services the council intends to deliver and whether current or future ratepayers should pay for them.

Many of our assets have long lives and provide benefits to our customers over a long period of time. Often assets are built before future ratepayers 'consume' the services that use those assets. Setting an appropriate rates level involves considering how much of the expenditure required should be funded by current ratepayers (via rates) and by future ratepayers (by borrowing now and collecting subdivision or development contributions as new ratepayers arrive). This concept for achieving fairness between customers over time is called 'intergenerational equity'.

Minimising risk

Council has adopted an Integrated Risk Management (IRM) framework and process as the means for managing risk within the organisation. The IRM purpose is:

- To demonstrate responsible stewardship by RDC on behalf of customers and stakeholders.
- To act as a vehicle for communication with all parties with an interest in RDC's organisational and asset management practices.
- To provide a focus within RDC for ongoing development of good management practices.
- To demonstrate good governance.
- To meet public expectations and compliance obligations.
- To manage risk from an organisational perspective.
- To facilitate the effective and transparent allocation of resources to where they will have most effect on the success of the organisation delivering its services.

Council has considered and reported on the significant assumptions, risks and uncertainties, summarised in the Significant Forecasting Assumptions section.

Managing the challenges

The council regards financial sustainability as the interconnection between its three key themes and its ability to provide services and facilities the community expects. Council will endeavour to manage these challenges by taking a holistic view to planning using its three key themes to drive the outcomes/outputs the community desires. To achieve this Council will focus on its '5 drivers of financial management'.

To manage these challenges Council has 'levers' to assist in influencing the financial position for each year of the Long-term Plan. These levers are:

- **Revenue:** This includes general rates, targeted rates and other revenue such as subsidies, grants, fees, charges, leases, rent etc
- **Levels of Services:** Over time Council can alter a level of service which will ultimately increase or decrease expenditure. This change in expenditure also influences the revenue associated with the service up or down, depending on the change in service level. This variation is summarised in the net cost of service statement and resultant surplus/deficit.
- **Borrowings:** Borrowings (or debt) can be used to finance the purchase of long term assets where the services provided by the asset are over many generations. It is therefore fair and reasonable to use debt and then repay it over a period that relates to the life of the asset

"The 5 drivers of financial management"

1. Focus on economic growth:

Council believes that the Rotorua economy can do much better than it has in the past decade. A wide range of strategies have been developed for encouraging stronger economic growth in the Rotorua Sustainable Economic Growth Strategy. This focus will be of extreme importance for the first three years of the Long-term Plan. It is hoped that as a result of this particular emphasis the economy will grow and targets for the next five years met (i.e. extra 557 businesses, 2,761 new jobs and 3,887 extra people living in the district). Increases would continue for the remaining years of the Long-term Plan without Council providing the same levels of financial input into economic growth and development.

2. Return to balanced wellbeing:

It is expected that with the considerable effort of the council, industry and business sector groups, the economy of Rotorua will have grown and strengthened. It is expected that unemployment will reduce, average income increase and new investment continue to be made in the district. At that time, around 2015 – 2016 there will be a more balanced emphasis of Council's efforts across all of the sustainable wellbeings of social, cultural, environmental and economic. This would see more emphasis on recreation, sporting facilities, etc.

3. Rates increases below 3.5% for years 1-3:

The first three years of this Long-term Plan have low rate increases with 2.9% in the first year (2012/13) then 3.1% and 3.1% for the subsequent two years. The reasons are twofold:

- (i) To assist those who are on low incomes or fixed incomes by not putting unnecessary pressure on their financial wellbeing during these more difficult economic times. Low rates increases over the past three years of 1.9%, 1% and 3.2% respectively have ensured that the real rates for an average residential property are modest when compared to other local authorities.
- (ii) To allow the business sector to use low rate increases or reduced costs because of rates, for investment in growing their business.

4. Retaining of service levels:

Every effort has been made in planning for the next ten years to ensure that current levels of service do not decline. In fact, there are some areas where there will be improved levels of service (refer to the table below). This has been achieved by improved process management, productivity improvements and careful budgeting.

Major changes in levels of service (increases and decreases)

 Denotes maintaining existing levels of service

Activity	2012/13	2013/14	2014/15	2015-2022
Corporate and Customer Services Group				
Community engagement & support	4 City Guardians continued		City guardians not funded	
	Carparking area added at Lucas Place			
				In partnership a major upgrade and replacement of pensioner units at Rawhiti complex
Emergency Management	Increased contribution to Bay of Plenty Regional Council staffing the Civil Defence Emergency Management			
Governance and Strategic Direction	Increased on-line services to improve customer service			
Economic and Regulatory Services Group				
Building Services	Earthquake prone building assessment			
Economic development	Tutanekai street development for walkable city			
	CCO established and increased funding (budgeted across full ten years)			
	Live, work and invest research and survey work (budgeted across full ten years)			
	Reduced spending on city cleaning and possible change in delivery (budgeted across full ten years)			
	Increased marketing budget in Destination Rotorua Marketing (budgeted across full ten years)			
Events & Venues				
Planning Services				
Regulatory Services	Expansion of dog pound			
Rotorua Museum	Exterior lighting of Museum (funded fully by Centennial Trust)			
	Learning Experience programme (continuation subject to external funding)			

Major changes in levels of service (increases and decreases) cont.

Denotes maintaining existing levels of service

Activity	2012/13	2013/14	2014/15	2015 - 2022
Infrastructure Services Group				
Aquatic Centre		Joint venture development of facilities that could include health centre, gym and café		
Infrastructure planning and compliance				
Public gardens, reserves and gardens	Youth space development		Youth space development	
	Kuirau Park enhancements			
	Lakefront upgrade (over of the remaining years)			
				Neil Hunt Park upgraded field
	New and improved levels of services for public toilets (budgeted across full ten years)			
Roads and footpaths	Eat Street development			
		Passenger transport centre		
				Victoria Street arterial development
	Rural seal extensions (budgeted across full ten years)			
Rotorua Airport Infrastructure				
Sewerage and sewage	Hamurana/Awahou wastewater scheme			
	Rotoma wastewater scheme			
	Terax thermal deconstruction plant			
			Gisborne Point/Hinehopu (Rotoiti) wastewater scheme	
				Mamaku wastewater scheme
				Tarawera wastewater scheme
				Reporoa wastewater scheme
Stormwater and land drainage				
Waste management			Organic waste process (using Terax process)	
			Leachate treatment facility	
Water supplies			Eastern reservoir development	
	Network improvement (budgeted across all ten years)			
Castlecorp				

5. Council debt:

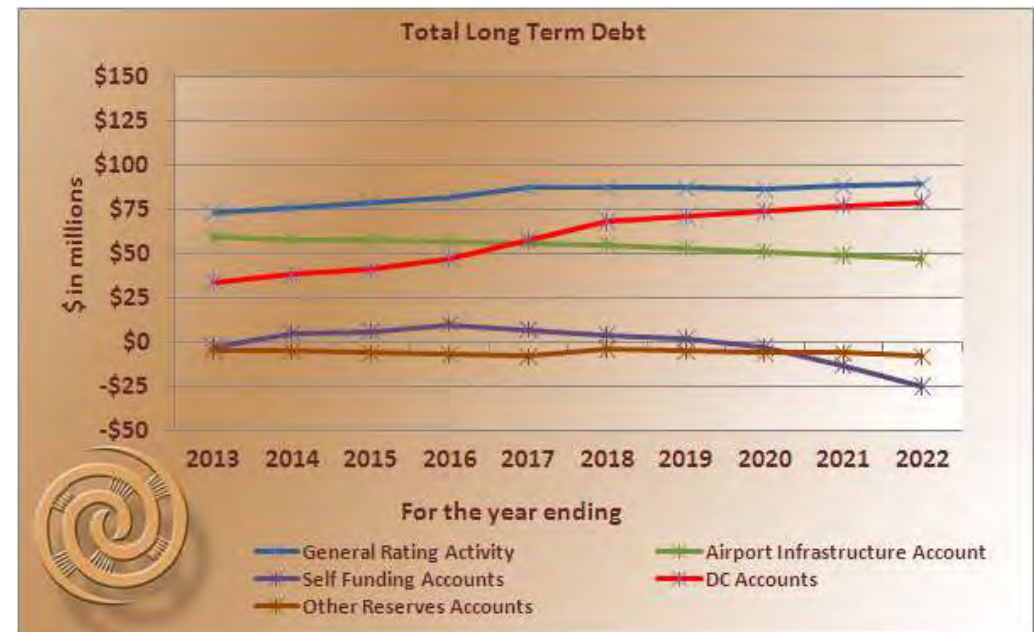
Council keeps a very close eye on its level of debt, particularly debt in ten years time. This driver is designed to ensure that debt levels are always managed within Council's prudent debt management policy and also to have 'head room' in the last three years of the Long-term Plan so future generations can use that capacity for their aspirations.

Total External Long Term Debt

For the year ending 30 June:	2012/13 (\$000's)	2013/14 (\$000's)	2014/15 (\$000's)	2015/16 (\$000's)	2016/17 (\$000's)	2017/18 (\$000's)	2018/19 (\$000's)	2019/20 (\$000's)	2020/21 (\$000's)	2021/22 (\$000's)
General Rating Activity	73,251	76,489	78,894	81,996	86,560	86,859	86,943	86,275	88,068	89,460
Airport Infrastructure Account	58,643	58,238	57,762	56,928	55,948	54,758	52,945	50,737	49,357	46,915
Self Funding Accounts	(2,586)	5,367	6,136	10,497	7,162	3,888	1,834	(3,004)	(12,949)	(24,775)
Development Contributions Accounts	33,741	38,079	40,655	48,685	57,821	67,674	71,238	73,963	76,611	79,020
Other Reserves Accounts	(4,754)	(5,392)	(6,055)	(7,110)	(7,924)	(4,334)	(4,794)	(5,618)	(6,491)	(7,587)
Total Debt	158,295	172,781	177,392	190,994	199,567	208,846	208,166	202,353	194,596	183,033

Council has identified two main types of debt; those listed as general debt and those 'ring-fenced' as being self-funding. Self-funding debt is associated with a particular service or activity where the beneficiaries are identified and their repayment of that specific debt is tracked over time. These include all new capital for sewerage schemes and debt associated with the maintenance and repair of housing for the elderly.

Airport infrastructure debt is also a separately identified debt. This debt is intended to be repaid over time from dividends from the council's separate airport company – Rotorua Regional Airport Limited (RRAL). However, across the life of this plan Council has determined that ratepayer contributions should be included on an annual basis (\$4 million per annum) to cover current interest requirements and pay a proportion of the principle.



Treasury Management/Treasury Policy

To maintain reasonable debt levels Council has a a Treasury Management Group (TMG) which includes the Chief Executive, Group Manager Corporate and Customer Services, Finance Manager, Treasury Accountant and external treasury experts. The TMG meets regularly to ensure treasury policy parameters are appropriate, to closely monitor Council's levels and profile of debt, and to keep a watching brief on global and local economic indicators.

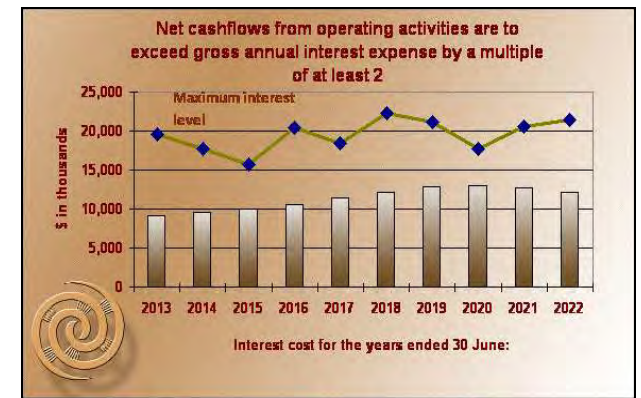
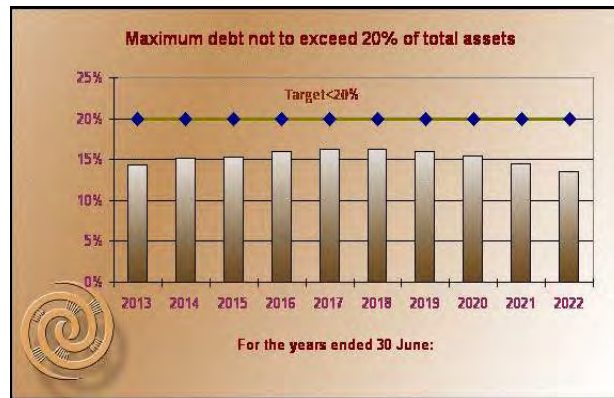
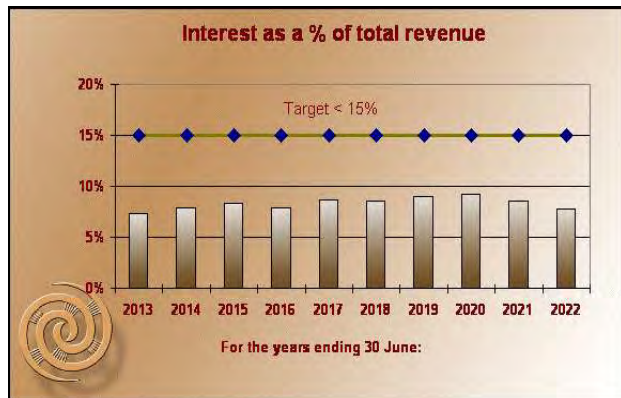
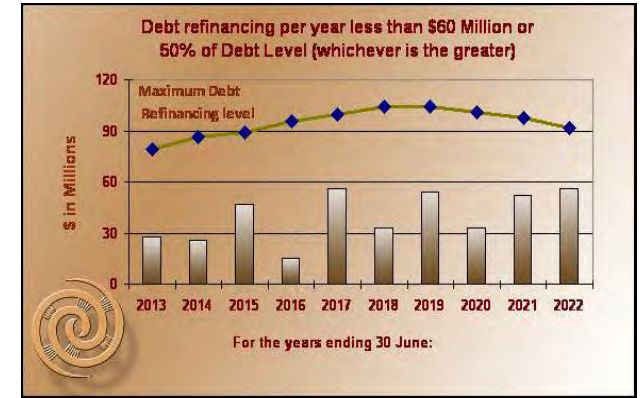
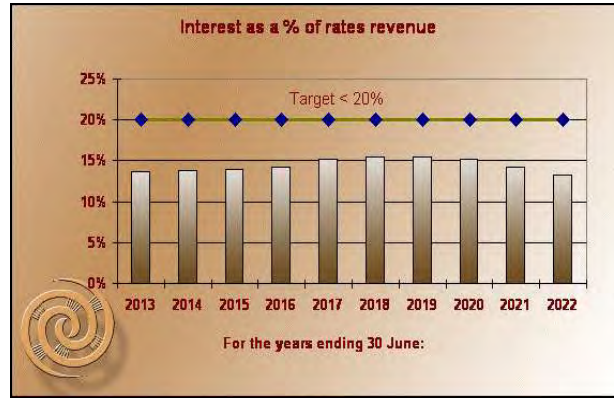
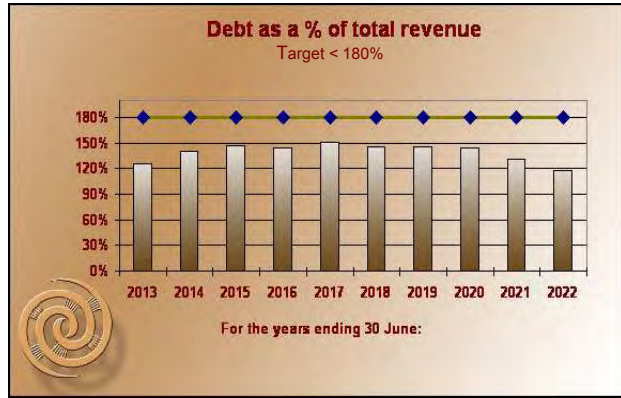
Council's Treasury Policy targets ensure borrowing limits are realistic in the current forecast financial climate. Borrowing limits and debt maturity targets help to minimise the council's financial risk. The Council's Treasury Management Policy includes the Investment and Liability Management Policies.

Treasury Policy parameters are:

- The gross Interest expense of all borrowings will not exceed 15% of annual total revenue
- Net cashflows from operating activities are to exceed gross annual interest expense by a multiple of at least 2
- Maximum debt not to exceed 20% of total assets
- No more than \$60 million or 50% of existing external borrowing (whichever is the greater) is subject to refinancing in any one year

Treasury Policy Limits	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Debt (\$000)	158,295	172,781	177,392	190,994	199,567	208,846	208,166	202,353	194,596	183,033
The gross interest expense of all borrowings will not exceed 15% of total annual revenue	7%	8%	8%	8%	9%	9%	9%	9%	9%	8%
Net cashflows from operating activities are to exceed gross annual interest expense by a multiple of at least 2	4.28	3.67	3.11	3.87	3.22	3.67	3.28	2.74	3.25	3.54
Maximum debt not to exceed 20% of total assets	14%	15%	15%	16%	16%	16%	16%	15%	14%	13%
No more than \$60 million or 50% of existing external borrowing (whichever is greater) is subject to refinancing in any financial year	\$28 m	\$ 26 m	\$47 m	\$15 m	\$56 m	\$33 m	\$54 m	\$33 m	\$52 m	\$56 m
Loan refinancing % of limit	35%	30%	53%	16%	56%	32%	52%	33%	53%	61%
Targets not in Treasury Policy										
The gross interest expense of all borrowings will not exceed 20% of total rates annual revenue	14%	14%	14%	14%	15%	16%	15%	15%	14%	13%
Maximum debt not to exceed 180% of total revenue	126%	141%	147%	144%	151%	146%	146%	144%	131%	118%

The following graphs outline Treasury Policy targets and Council's forecast position over the ten year period of the Long-term Plan.



Council's Treasury Policy targets and performance across the ten years of this plan remain within set policy and no significant fluctuations occur. This provides confidence that Council's potential to respond to unforeseen issues in the future are not reduced or limited by decisions taken today.

Equity Investments

Council holds investments such as the CCO, CCTO and cash investments which are held for strategic purposes and therefore do not generate a return.

The 'fiscal envelope' implication

The result of applying the above strategies is a set of financial parameters which guide how the council will deliver services and make decisions on funding and expenditure. This can be likened to a 'fiscal envelope' - all future funding and expenditure decisions should be made within the bounds of that envelope. This also provides a tool to alert the council before making any inconsistent decision.

Legislation sets out the requirements for councils to operate what is called a 'balanced budget' i.e. income must equal operating expenditure (operating expenditure includes non-cash items such as depreciation).

However if a council believes it is prudent to not have a 'balanced budget' (ie that an operating surplus is not required), it must make a formal decision to that effect. The decision must be a prudent one and have included consideration of levels of service and useful life spans of assets. That is then an equitable decision.

There are strong grounds for not having a surplus every year to avoid building unnecessary cash reserves. Council's asset management plans ensure that the depreciation necessary to fund periodic renewals is more than adequate. On this basis, Council does not operate a 'balanced budget'. This information is detailed in the table below.

Balanced budget

For year ending 30 June:	2010/11 Actual (\$000)	2011/12 Annual Plan (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Surplus	7,655	15,226	16,697	11,758	6,833	15,924	11,782	19,456	16,888	10,119	15,911	16,571
Less capital revenue:												
Capital grants and subsidies	(16,294)	(11,913)	(21,302)	(14,358)	(8,883)	(16,323)	(12,197)	(18,311)	(11,301)	(4,044)	(5,791)	(4,191)
Development and financial contributions	(851)	(759)	(1,300)	(1,322)	(1,344)	(1,574)	(1,812)	(2,052)	(2,299)	(2,560)	(2,832)	(3,112)
Capital rates	(2,024)	(2,999)	(1,293)	(2,068)	(2,542)	(2,185)	(1,788)	(1,804)	(3,613)	(2,295)	(3,214)	(2,473)
Vested assets	(379)	(1,843)	(1,843)	(1,907)	(1,967)	(2,032)	(2,101)	(2,170)	(2,243)	(2,326)	(2,416)	(2,511)
Operating Surplus/(Deficit) excluding capital revenue	(11,894)	(2,289)	(9,041)	(7,897)	(7,903)	(6,190)	(6,115)	(4,880)	(2,568)	(1,105)	1,658	4,284
Add back depreciation	25,983	24,419	24,391	25,492	26,435	26,867	27,308	27,366	27,643	27,674	27,699	28,732
Less renewal capital expenditure	(12,057)	(14,563)	(15,209)	(20,141)	(14,774)	(19,789)	(19,695)	(18,395)	(21,753)	(20,860)	(23,665)	(25,160)
Plus roading capital revenue funding renewals	2,134	2,220	2,807	2,161	2,239	2,341	2,446	2,639	2,634	2,650	2,761	2,864
Operating Surplus/(Deficit) excluding capital revenue and adjusted to include funded depreciation	4,166	9,787	2,948	(385)	5,997	3,229	3,944	6,730	5,956	8,359	8,453	10,720

Rates and rating

Council will endeavour to keep income required from rates steady as well as creating predictability in the level of rates required. This will include taking a multi-pronged approach to managing the cost to ratepayers (through efficiency gains) and increasing other revenue sources (to reduce dependency on rates revenue).

as at 30 June:	Annual Plan Budget	Long Term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	32,029	45,054	47,381	48,616	50,112	51,526	53,735	56,047	57,993	60,327	62,505
Targeted rates (other than a targeted rate for water supply)	31,944	20,659	20,135	20,762	21,401	22,180	22,948	23,754	24,620	25,553	26,494
Subsidies and grants for operating purposes	3,932	3,382	3,304	3,457	3,395	3,361	3,553	3,480	3,433	3,616	3,522
Fees, charges and targeted rates for water supply	7,223	7,138	7,645	8,227	8,683	9,132	9,562	9,975	10,442	10,946	11,467
Interest and dividends from investments	60	36	36	36	36	36	36	36	36	36	36
Local authorities fuel tax, fines, infringement fees and other receipts	22,667	23,368	24,378	25,079	26,864	28,060	28,917	31,198	32,397	33,878	36,291
Total operating funding (A)	97,855	99,637	102,879	106,177	110,490	114,295	118,750	124,490	128,922	134,357	140,315
Applications of operating funding											
Payments to staff and suppliers	73,280	75,110	75,659	77,582	79,279	81,622	84,094	86,523	89,404	92,332	95,227
Finance costs	9,499	9,178	9,625	10,063	10,533	11,480	12,173	12,891	12,951	12,667	12,073
Other operating funding applications											
Total applications of operating funding (B)	82,779	84,287	85,284	87,644	89,812	93,102	96,266	99,414	102,354	104,999	107,300
Surplus (deficit) of operating funding (A - B)	15,076	15,350	17,595	18,532	20,678	21,193	22,483	25,076	26,567	29,358	33,015
Sources of capital funding											
Subsidies and grants for capital expenditure	19,962	21,302	14,358	8,883	16,323	12,197	18,311	11,301	4,044	5,791	4,191
Development and financial contributions	1,418	1,300	1,322	1,344	1,574	1,812	2,052	2,299	2,560	2,832	3,112
Increase (decrease) in debt	2,144	5,036	3,529	2,549	3,541	4,978	579	380	(315)	2,074	1,830
Gross proceeds from sale of assets	203	500	324	178	572	502	362	392	456	376	721
Lump sum contributions	1,346	1,293	2,068	2,542	2,185	1,788	1,804	3,613	2,295	3,214	2,473
Total sources of capital funding (C)	25,073	29,430	21,601	15,495	24,195	21,276	23,107	17,985	9,039	14,287	12,328
Applications of capital funding											
Capital expenditure											
- to meet additional demand	23,207	16,598	14,864	6,123	13,837	14,562	23,964	14,057	764	794	679
- to improve the level of service	11,011	15,417	15,774	15,730	21,787	12,295	12,351	6,689	9,257	9,125	6,971
- to replace existing assets	14,766	16,568	19,932	14,505	19,874	19,746	18,381	21,677	20,566	24,301	24,864
Increase (decrease) in reserves	(8,835)	(3,803)	(11,372)	(2,331)	(10,626)	(4,135)	(9,105)	637	5,019	9,425	12,829
Increase (decrease) in investments											
Total applications of capital funding (D)	40,149	44,779	39,197	34,027	44,872	42,469	45,590	43,061	35,606	43,645	45,342
Surplus (deficit) of capital funding (C - D)	(15,076)	(15,349)	(17,596)	(18,532)	(20,678)	(21,192)	(22,483)	(25,076)	(26,567)	(29,358)	(33,014)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Movements in Rating Types

Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Rating Types										
Rates	3.3%	5.8%	2.3%	2.9%	2.6%	4.6%	4.6%	3.5%	4.3%	3.7%
Uniform Annual General Charge	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Less RDC Rates	68.2%	3.1%	3.0%	3.2%	3.3%	2.8%	2.9%	3.2%	3.4%	3.3%
Water Rates	4.0%	7.3%	7.1%	6.1%	6.1%	5.6%	5.5%	5.8%	5.9%	5.8%
Sewerage Rates	(0.3%)	1.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Refuse Rates	3.0%	3.5%	3.2%	3.3%	3.4%	3.3%	3.4%	3.7%	3.9%	3.9%
Water by Meter	5.2%	8.5%	8.3%	7.6%	6.8%	5.9%	5.6%	5.8%	5.9%	5.8%
Water by Meter Penalty	0.0%	3.1%	3.0%	3.2%	3.2%	2.8%	2.9%	3.2%	3.4%	3.3%
Lakes Enhancement Rate	3.0%	3.5%	3.2%	3.3%	3.4%	3.3%	3.4%	3.7%	3.9%	3.9%
Urban Sewerage Development Rate	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lakes Community Board Rate	3.0%	3.5%	3.2%	3.3%	3.4%	3.3%	3.4%	3.7%	3.9%	3.9%
Business and Economic Development Rate	29.8%	(19.6%)	2.2%	2.8%	2.9%	2.5%	2.7%	2.9%	3.3%	2.8%
Less Water by Meter	0.0%	3.1%	3.0%	3.2%	3.2%	2.8%	2.9%	3.2%	3.3%	3.3%
Total From Rating Types excluding Sewerage Capital Rates	2.9%	3.1%	3.1%	3.3%	3.3%	4.2%	4.2%	3.7%	4.1%	3.8%
Sewerage Capital Rates	(7.9%)	95.9%	29.6%	(18.5%)	(25.2%)	0.0%	146.1%	(44.3%)	53.5%	(29.6%)
Total From Rating Types	2.7%	4.1%	3.6%	2.8%	2.7%	4.1%	6.2%	2.0%	5.0%	2.9%
Rates as a percentage of total revenue	56.5%	60.3%	63.4%	59.2%	61.0%	58.7%	62.0%	64.9%	64.0%	63.9%

Limit on rates collected: Council will continue its approach of allocating rates based on who causes and benefits from its activities. Council will limit total rates as a proportion of total revenue to less than 70%.

The amounts that are shown above are the average rates throughout the Long-term Plan. There will be properties that pay less and others that will pay more, depending on the services they receive. Average rating samples for areas across the district are provided earlier in this section (Indicative rates 2012/13 table) or in the Indicative rates 2012/13 section later in this document.

Security of borrowing

In general Council will secure its general borrowing and interest rate risk management activities by way of a charge over rates revenue. In unusual circumstances, with prior Council approval, a charge over one or more of Council's assets may be offered.

Note:

The prospective financial information presented on page 42 and in the Groups of Activities (pages 71-195) has been prepared to meet the requirements of the Local Government Act 2002.

Limits on rate increases

Keeping rates increases as low as possible has been a target for the last three years and continues to be an important focus in this Long-term Plan.

The first three years of this Long-term Plan include low rate increases, with 2.9% in the first year (2012-13) then 3.1% and 3.1% for the subsequent two years. The reason for this is twofold:

- (i) To assist those who are on low incomes or fixed incomes by reducing unnecessary pressure on their financial wellbeing during current difficult economic times.
- (ii) To allow the business sector to use low rate increases or their reduced costs from rates for investment in growing their businesses.

In order to make comparisons between one year and the next it is important that each year be compared to the same baseline from the previous year. For example this means that in years when new targeted rates for sewerage schemes are introduced those new rates are not included in the initial calculation to show the rate increase for that year.

Council's costs are calculated differently from residents' day to day costs of living (consumer price index or CPI) that everyone is familiar with. Some commentators argue that rate increases at inflation (or CPI), or below, eventually must lead to a decline in levels of service. In other words, revenue is not keeping pace with increased costs and hence less real expenditure is available for delivering services, maintaining assets and funding any associated debt. CPI reflects the cost changes affecting households and includes a wide range of products and services, such as groceries, fuel and energy. However, it does not necessarily reflect the cost drivers in the local government sector, which include labour, fuel, energy and the cost of raw materials. The CPI has more than 650 components and a quick overview shows that at least five components have grown faster than local authority rates over this period. The

components that have grown faster than rates are refuse disposal and recycling, petrol, other vehicle fuels and lubricants, real estate services and dwelling insurance. Rising costs within the local government sector have been used to base the long-term financial projections on. Then, through issues of affordability and efficiency gains, Council has set the rates near CPI levels for ease of comparison.

While the council will continue to consider affordability issues when setting rate levels each year, it is now required by legislation to include a statement on quantified limits on rates increases. This is not new for council. In the 2009-19 Ten Year Plan Council signalled that it wanted to ensure general rates were around the prevailing consumer price index (CPI) where possible.

It also recognises that from time-to-time Council will need to increase the level of service that it is providing to meet, for example, community needs and new resource consent requirements. Individual properties may experience smaller or larger increases than those stated, as factors such as movements in property values, the services received and property location can change the way rates costs are allocated.

This approach will limit the extent to which the council can undertake new or increased services and projects unless savings can be found elsewhere. As it provides for little contingency, this is a conservative approach. In looking at this proposal it is important to recognise it is a policy 'cap' and that the council is aiming to restrict rating movements to no more than the movement in the local government cost index, or where possible, the consumer price index.

Limit of rate increases: Limit the increase to no more than the 3.5% for years 1-3, and no more than 2% above CPI in years 4-10.

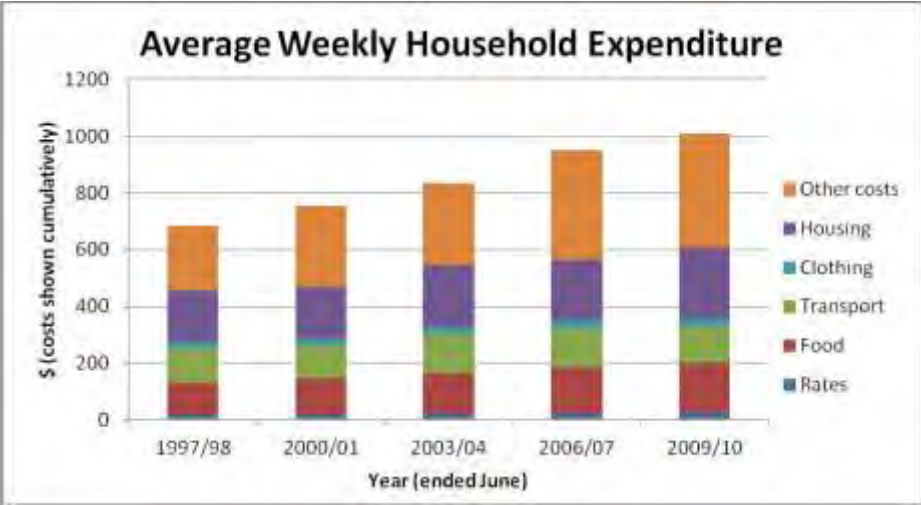
The average annual increase in the 'local authority rates and payments' class of the CPI, between June 2003 and June 2010, was 6.75%. See figure below.



Source: Local Government New Zealand

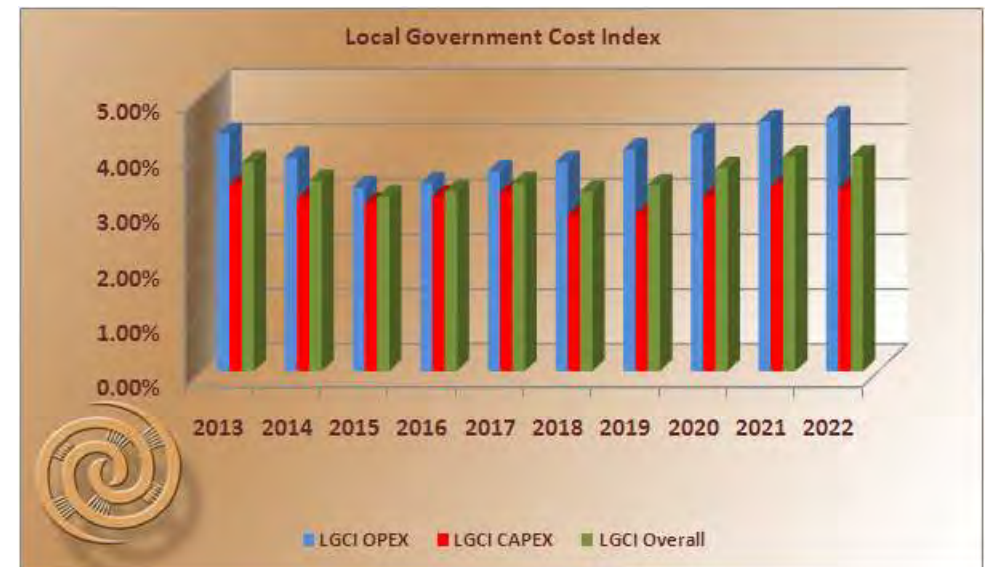
Focussing on the CPI however can be misleading as council costs are driven by the cost of bitumen and construction materials rather than household consumables, such as weetbix. The cost of bitumen, for example, has risen 91% in the last ten years. Local Government NZ approached BERL to develop a Local Government Cost Index (LGCI) to track the movement in the inputs that drive council costs. The index shows that by 2016, the projections are for local government costs to have grown 43.7% faster than consumer costs since 2011.

Statistics New Zealand undertakes a Housing Expenditure Survey every three years. Looking at the last two surveys we find that the portion of household expenditure spent on rates is unchanged (see graph below).



Source: Local Government New Zealand

Years ending 30 June:	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
BERL adjustor										
Local Government Cost Index (LGCI) overall	3.79%	3.46%	3.17%	3.27%	3.42%	3.26%	3.38%	3.69%	3.89%	3.90%
Local Government Cost Index (LGCI) capital expenditure	3.39%	3.13%	3.04%	3.17%	3.25%	2.83%	2.86%	3.18%	3.35%	3.31%
Local Government Cost Index (LGCI) operational expenditure	4.31%	3.88%	3.34%	3.41%	3.63%	3.80%	4.03%	4.31%	4.54%	4.61%



Cost control

There has been a concerted effort by the council over the past four years to reduce costs and that has led to very low rate increases of 1.9% in 2009, 1.0% in 2010, 3.2% 2011, and in year 1 of this Long-term Plan a 2.9% increase. These very low rate increases have been achieved through:

- innovative procurement,
- productivity improvement processes to reduce costs (refer to Lean Thinking and Efficiency gains table on page 21)
- collaboration with other organisations to develop innovative solutions and exploring shared services
- engaging staff rather than contractors to deliver services, such as our business unit for maintenance (Castlecorp); and a business unit for utilities design (Hydrus Engineering Consultants). Council also evaluates outsourcing opportunities from time to time including those areas where it is difficult to recruit appropriately skilled staff, such as internal audit services.

This part of the financial strategy is designed to show that budgeting has been developed in a proper manner and is sustainable

▪ Zero-based budgeting

The budgeting process for this plan has had considerable management oversight to ensure only expenditure essential for maintaining current levels of service is provide, and that capital expenditure for backlog, renewals, growth and any increased levels of service is provided on a 'just in time' basis.

▪ Structure

Council has revised its governance and management structures to provide an effective connection with strong links to policy, operations and monitoring. Management provides a flatter third tier within three groups, i.e. Economic and Regulatory Services Group, Infrastructure Services Group and Corporate and Customer Services Group. This structure is designed to have a real customer focus and a 'whole of council' response to supporting the district's needs and expectations. The new approach is already demonstrating results within regulatory areas of Council. Council aims to be recognised as being very easy to do business with.

▪ Procurement

Coupled with the Lean Thinking programme is a professional and sophisticated approach to procurement. Over the past four years Council has consistently made annual reductions in costs in excess of \$1 million, through better packaging of tendering, attracting more competition in bidding processes and using alliances and shared services to achieve economies of scale.

▪ Shared Services

Two of our alliances are BOP LASS LTD and Local Authority Shared Services Ltd. These are shared service companies owned jointly by Bay of Plenty local authorities in the first instance, and Waikato local authorities in the second. These companies have helped to drive down Council's costs, particularly through procurement benefits. The next phase will be to explore shared services with all or some of the shareholder councils, depending on the nature of services selected.

▪ In-house Services

Another approach to carefully managing costs that gives confidence to management and elected members is the amount of services and quality of support provided in-house. Council continues to use an in-house business unit providing maintenance for water, wastewater, parks, toilets and refuse collections. This is a strong and successful model and those services provided by Castlecorp will be expanded over time. A likely new service will be CBD street cleaning.

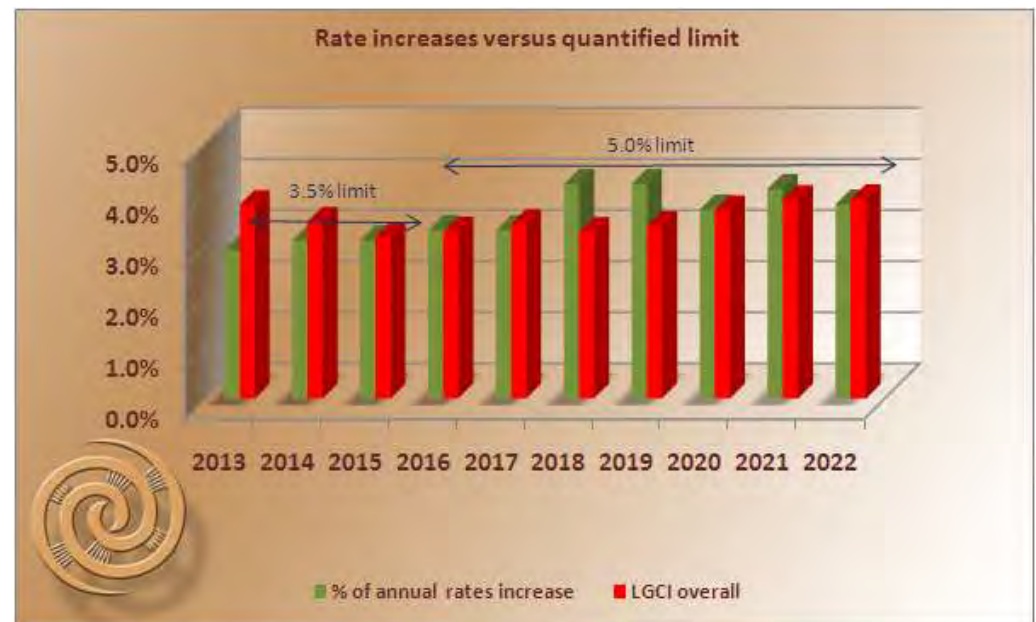
▪ Lean Thinking

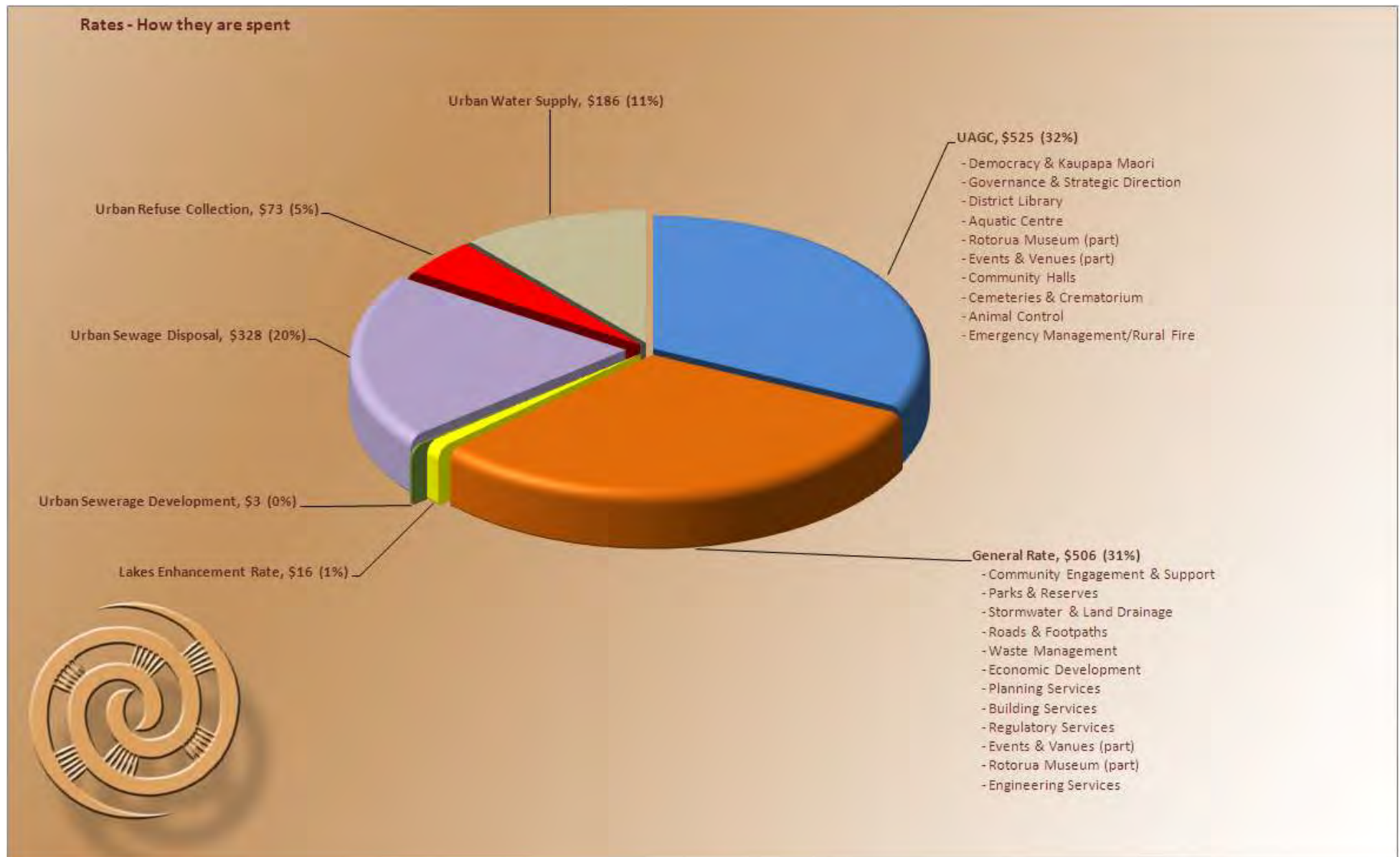
As noted previously, the council is seeking to make significant savings over this Long-term Plan using the Lean Thinking approach. It is expected that this continuous business improvement will net approximately \$10 million in operational savings.

Proposed rate increases versus quantified limit

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Annual % rates increase proposed in draft Long-term Plan (excluding lump sum sewerage charges)	2.9%	3.1%	3.1%	3.3%	3.3%	4.2%	4.2%	3.7%	4.1%	3.8%
Compared to:										
Limit on total rate increase (excludes LOS change)*	3.5%	3.5%	3.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
LGCI overall	3.79%	3.46%	3.17%	3.27%	3.42%	3.26%	3.38%	3.69%	3.89%	3.90%

* Assumes a maximum CPI of 3% plus limit above this of a further 2%





The above graph is based on a typical urban residential property with an average land value of \$127,000 and capital value of \$222,000. This sample property will pay annual rates of \$1,637 (plus GST in 2012/13). This excludes the rates paid to Bay of Plenty Regional Council.

Strategic Projects

The projects/services listed below are all included in the draft Long-term Plan.

Corporate and Customer Services Group

Customer Service (on-line services 2013/14)

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

Shared services (ongoing throughout the Long-term Plan)

Council is a member of the Bay of Plenty and Waikato local authority shared services entities (BOPLASS and Waikato LASS) and has worked with member councils to make savings through group procurement programmes. The emphasis is now changing and the council is placing greater emphasis on the development of shared services through these current structures and increasingly through partnerships with individual councils. Council is currently gaining benefits from shared website/online service development with Hamilton City Council, and library site work continues with Whakatane and Western Bay of Plenty district councils. Business process improvements and rationalisation across councils will provide more opportunities to share services and reduce costs.

Rating system change (from 2012/13)

Rotorua District Council is changing the way rates are allocated in Rotorua district. The decision to change has been prompted by major shifts in official property valuations across the district. These have resulted in distortions to our current rating framework. In examining options the council endeavoured to ensure the rating framework remains stable enough to minimise the need for adjustments every three years, and to give ratepayers more certainty.

City Safe Guardians (2013-2015)

In 2011/12 Council agreed to employ five City Safe Guardians to be extra "eyes and ears" for the council, Rotorua Police and local businesses, with the aim of reducing crime and troublesome behaviour and improving perceptions of safety in the CBD and surrounding reserves. A budget to employ four City Safe Guardians has been included in the plan for the next two years.

Public private partnerships (PPPs) (2016-2022)

Council is planning to partner with a third party for the provision of pensioner housing in the district. In the past council received a government grant to undertake the first stage of upgrading the Rawhiti pensioner complex. No further government funding is now available and the remaining units are in need of replacement. Council will need to spend \$4.2m to complete the upgrade and replacement alone. By transferring the land (as a peppercorn lease) and the management of the privately funded units council may not be required to make any investment and the number of units is likely to be increased.

Economic and Regulatory Services Group

Council has had an involvement in economic development for over a decade and has recently reshaped its structure and focus to ensure greater contribution to the district's economic wellbeing. Over the next ten years there will be a focus on:

- The Urban Design Framework which provides an overarching concept for CBD development. Economic developments and economic projects activity will focus on making the city easier to navigate, improving the infrastructure and vitality of the restaurant precinct 'Eat Street' and strengthening the connection between the CBD, Rotorua Central and the Lakefront.
- The other major focus is attracting investment to Rotorua as a place to live, work and play. This project will leverage off the activities of Destination Rotorua Marketing and Rotorua's reputation as a tourism destination.

This Long-term Plan sets out Council's commitment to supporting growth so that all who live, work, play and invest in our district have improved prosperity.

Rotorua District Plan (2013-2015)

The next two years will be a critical time for Rotorua as council takes the new District Plan through the notification and appeals phases with the aim of becoming operative in the 2014/15 year. This is one of the most important documents Council has as it relates to what people can do on their land as permitted activities or through a resource consent, and what their neighbours can do. The review of the plan commenced in late 2007. Following extensive consultation with elected members, the public and the business community, a draft was released in April 2011. The draft attracted extensive feedback and in response Council will be consulting on a final draft before notifying the proposed version at the end of August 2012.

Rotorua Spatial Plan (2012-2013)

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

The spatial plan will be completed in 2012/13, in close alignment with the District Plan review process. Subsequent reviews will be linked with long-term planning triennial review milestones at 2015/16 and 2018/19.

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

Regulatory, Planning and Building Services Customer Service Focus (ongoing)

These plans will assist the community and council to create a sustainable economic growth environment backed by an enabling regulatory environment with an effective, efficient and customer friendly can-do approach to business. A key focus of the whole Economic and Regulatory Services Group will be to work across all council departments to assist in making the regulatory interface run more smoothly.

With this focus in mind, Council has recently reorganised the Planning department to create a new Client Support Manager role, reporting directly to the Manager, Planning Services. This role is designed to support projects related to the priority drivers of the Rotorua economy that require a consenting or regulatory output from Council. This role will be the primary contact point for an investor/developer, will facilitate the collation of necessary information from relevant council departments, and will be a 'trouble-shooter' throughout the consenting/licensing process.

Council is proposing to increase capacity at the pound, providing an increased level of service for dog control.

Readers of the plan will also note a significant shift in the performance measures of these functions, to a greater focus on performance criteria related to customer service and satisfaction.

Marketing Rotorua as a great place to invest, work, live and visit (ongoing)

To assist in bringing focus to the number one priority of the Rotorua Sustainable Economic Growth Strategy, the Economic Projects department of the group is applying resources to the marketing of the destination as a place to live, work and invest. This activity area is focused around breaking some of the negative perceptions and reinforcing the positive perceptions of the destination. The project will work closely alongside Destination Rotorua Marketing, leveraging off common external marketing messages.

In the first 12 months of the plan, marketing activity will primarily focus on the following key areas:

- Understanding audiences (priority is to start with our local audience and address perceptions and needs for each target segment.)
- Development of key relationships and partnerships (not just the role of Council – all stakeholders need to play their part.)
- Development of user-friendly and easily accessible resources and tools (to assist the decision-making process for those looking at investing, working and living in Rotorua.
- Regular consistent communication (this will include implementation of a Rotorua Ambassador campaign.)

Driven by the strategic direction set by the Rotorua Tourism Committee, Destination Rotorua Marketing will be focused over the life of this plan on executing the recently adopted Destination Rotorua Tourism Marketing Business Plan. The execution focus will be on the strategy platforms and on working 'smarter' to ensure activities of Destination Rotorua Marketing are complementing those of the Rotorua tourism industry.

The key focus areas of the plan are: (not in priority order)

1. Aggressively target and grow the Asian visitor market – specifically China.
2. Grow and increase Rotorua's share of the Australian visitor market – especially off-peak.
3. Increase average room nights and spend, to be equal to the national average, for both international and domestic visitors to Rotorua.
4. Increase the Auckland visitor market by 5% to 50,000 visitor nights.
5. Work in partnership with wider-Rotorua regional operators and Tourism New Zealand.
6. Take a leadership position in online marketing and travel search.
7. Increase ease of access to Rotorua as a visitor destination by helping Rotorua International Airport gain additional services.

Completion and operation of 'Te Ara O Ahi' (Pathway of Fire) – Rotorua Section of the National Cycleway

The first 7.5 km section of the cycleway along SH5 was completed in January 2012. This was an important milestone in the project, as the section along SH5 was the most complex to build. Construction of the second section was started in February 2012 and was scheduled for completion by mid May 2012. The grand opening of all sections will be in mid 2012.

Assuming that 10% of prospective cycle tourists use Te Ara O Ahi cycle trail, the estimated initial demand for the cycleway is at least 5,500 visits annually. This excludes local recreational cyclists and day visitors using the trail. Te Ara O Ahi should be an iconic cycle trail and well-promoted. Particular interest has been expressed by the owners and managers of local geothermal attractions along the route, as well as local accommodation providers and cycling businesses, for contributing to marketing of the cycle trail to ensure its success.

CBD revitalisation investment program - Urban Design Framework (2013-2014)

Because of the critical role the CBD plays as the heart of Rotorua for both residents and visitors, and as a major influence on the perceptions of Rotorua as a destination, Council will be focussed on completing a set of integrated CBD-centric actions and investments. These are designed to contribute to the vision of 'creating a public space where residents and visitors can enjoy recreation, outdoor dining, retailing and entertainment activities within a safe and attractive environment.'



Note: in this context the CBD is defined as: (South) Rotorua Central – (North/East) Lake Rotorua – (West) Kuirau Park

Council intends to revitalise central city through implementation of the CBD Revitalisation project which commenced in 2007 and led to the subsequent Urban Design Framework adopted in 2011. The framework is based on an activity precinct approach where some distinctive areas within the city centre have been identified for improvement. The focus in this long-term plan is on projects designed to enhance competitive positioning of the CBD as a community centre of activity and also as an attractive investment destination. The investment projects have been designed to try and influence those factors that will stimulate private sector investment in the CBD within a defined 12-36 month timeframe.

These projects include:

- Tutanekai Street spine – Strengthening the Tutanekai St spine as a ‘high street’ linking the Rotorua Lakefront, Government Gardens, Kuirau Park and visitor information centre, with the retail and dining offerings of the city. The main projects associated with this are ‘Walkable City’ (way-finding CBD points of difference as a visitor attraction); development of priority pedestrian links down Tutanekai; cultural mapping and story telling; themeing; Rotorua Heritage Arts Trail.
- Local transport centre – investigating the location of the local transport centre and its links with the regional bus network.
- Eat Street – Council’s vision is to create a destination within Tutanekai Street that attracts people and provides a sense of arrival for alfresco dining opportunities that are safe, inviting and commercially viable, and create an opportunity for public/private investment and co-operation.
- Lakefront development – working through a more defined development concept with Lakefront land owners and Lakefront operators with the intention of having a clear direction within the next two years.
- Concentrated programme for marketing the CBD as an investment destination, targeting investors, retailers, service industry, tourism operators and prospective residents.

Infrastructure Services Group

Kuirau Park facilities upgrade (2013-2014)

Aligning development and renewals with the aquatic centre upgrade to improve linkages with Kuirau Park and through to the neighbouring CBD, making for a busier and safer destination.

Aquatic Centre redevelopment (2013-2016)

It is intended to use a public private partnership (PPP) to upgrade the aquatic centre and associated facilities. Currently the aquatic centre has 330,000 visitors p.a. and Kuirau Park has 250,000 visitors p.a. Individually it has been difficult to attract investment for development in these areas. Combined they will make for a far more attractive opportunity.

Improved service levels for public toilets (ongoing)

A major review identified a number of facilities that require upgrading or replacement. A systematic programme to enhance facilities at key locations is proposed over the ten years of this plan

Lakefront development (2013-2017)

While reduced expenditure has been allocated in the Long-term Plan Council remains committed to enhancing the Lakefront. Initial work is required to identify potential partners and to resolve various land ownership and management issues.

Victoria Street Arterial (2014-2018)

Proposed new route on southern side of CBD linking SH5 with SH30 and the proposed Rotorua Eastern Arterial. Integrates land use within CBD and allows growth in and around CBD which is currently limited due to traffic capacity on Amohau Street

Rotorua Transport Centre (2013-2015)

Current transport centre is unable to cope with demand and has very limited linkage to local transport. Additional capacity is necessary to allow increased passenger numbers which is crucial for the district’s economic development.

CBD Upgrades (2013-2014)

Some CBD upgrade work is proposed in line with the Urban Design Framework. Initially this is planned for Eat Street and the Night Market, which are important projects to enhance the vitality and appeal of the CBD.

Rural and Lakeside Wastewater Schemes

The following schemes have been included to improve lake water quality

- | | | |
|---|---------|--------------|
| ▪ Hamurana/Awahou Scheme | \$3.5m | in 2013 |
| ▪ Gisborne Pt/Hinehopu (Rotoiti) Scheme | \$14.3m | in 2013-2015 |
| ▪ Rotoma Scheme | \$11.0m | in 2013 |
| ▪ Mamaku Scheme | \$7.6m | in 2013-2016 |
| ▪ Tarawera Scheme | \$16.4m | in 2013-2015 |
| ▪ Reporoa Scheme | \$6.4m | in 2019 |

Terax Thermal Deconstruction Plant (2013-2015)

This process has evolved through a partnership with SCION and a pilot plant is currently operating to test the viability and operating parameters of a full scale plant. It is intended to develop a full operational plant to treat biosolids from the wastewater plant.

Organic Waste Processing (2013-2016)

Council is expecting that success of the Terax plant will enable the technology to be expanded to deal with the treatment of organic waste (municipal waste e.g. landfilled rubbish).

Hydrus Engineering Consultants (ongoing)

HYRDUS Engineering Consultants is a business unit of Rotorua District Council formed to provide professional engineering services to the council and external clients. HYDRUS services include strategic planning for utility services, policy development, feasibility investigations, detailed engineering design, contract administration, construction supervision and project management of utilities and other infrastructural projects. As council work on Rotorua sewerage schemes decreases the Hydrus team's focus will increasingly be on providing services to other local authorities.

Castlecorp

Castlecorp is dedicated to developing innovative ways of delivering services to the community, while improving timeliness, quality and cost effectiveness of core services. Castlecorp is a significant part of the district council representing 25% of RDC's workforce and 20% of annual expenditure.

Castlecorp will continue to have a focus on quality aimed at customer satisfaction. The unit will continue to review and improve business processes and procedures to produce 'value for money' services which meet the needs and expectations of residents and visitors.

Any changes in demand will be identified where service level agreements exist, and subsequent changes in costings will reflect those increases in demand, service, or compliance requirements.

Partnerships will be developed within the community where initiatives are directly beneficial to community outcomes.

Castlecorp intends maintaining its position within the community by reducing risk through cost effective and efficient processes which are continuously improved and audited using ISO standards.

Significant forecasting assumptions

Council has developed a set of assumptions that has been used in preparation of the estimated financial statements in the Long-term Plan.

In preparing forecasts, both financial and non-financial, there is a need to decide what assumptions will be included in the plan. These assumptions are to address uncertainties of the future and provide varying degrees of certainty.

While the medium to long-term outlook for the New Zealand economy is positive, the recovery of the domestic economy over coming years will continue to be moderated by the lasting impact of the Global Financial Crisis (GFC) and subsequent European Sovereign debt issues. This means that a cautious approach to planning must be adopted.

Local Government New Zealand and the Society of Local Government Managers commissioned, on behalf of local government, annual price level change adjustors from Business and Economic Research Limited (BERL). This information has been used in preparation of this plan and annual updates will be used for each subsequent annual plan budget.

OUR COUNCIL



Introduction

Local government in the Rotorua district is based on three core premises: transparency, participation and accountability. **Transparency** is achieved through the community being able to clearly see policies, plans and objectives and how they are financed. **Participation** is achieved through consultative community input processes that enable Council to connect with its constituents and interested parties. **Accountability** is achieved through a number of reports which are produced to gauge effectiveness and attainment of targets. The government's 'watchdog', the Auditor-General, audits both financial and non-financial achievements, providing both the community and central government with an independent assessment of Council's achievements.

Role of Council

Council has overall responsibility for:

- Direction and control of the district's activities in a prudent financial manner
- Representing the views of the community in the most effective, strategic, and holistic manner possible
- Laying strategic foundations for the district to grow in a dynamic and enabling manner.

These roles require stewardship of operational policy and strategic direction, including:

- Risk management
- Administration of regulations and bylaws
- Management integration
- Safeguarding public interest, including advocacy.

This section outlines the structures and processes that promote the following governance themes:

Representation	<ul style="list-style-type: none"> ▪ involvement in governance decisions at council committee and community board level ▪ advocacy undertaken on behalf of the Rotorua community ▪ effectiveness of governance structures
Leadership	<ul style="list-style-type: none"> ▪ overview of governance structures and outputs achieved
Strategic directions	<ul style="list-style-type: none"> ▪ strategic community achievements ▪ setting of strategic platform

Representation

Electoral System

Rotorua's system of elected member representation was reviewed for the 2010 local government elections. The council comprises 12 elected members together with the mayor. The mayor and councillors are elected by the electors of the whole district. Members are remunerated in accordance with determinations made by the Remuneration Authority.

There is also a Rotorua Lakes Community Board with four members elected and two appointed by Council.

Some committees of the Council also include members of the public.

Meetings

Council's current committee structure and meeting arrangements were determined by Council in November 2010, and this structure provides an open and accountable governance system. Meetings are generally open to the public.

The Mayor

The mayor is an ex-officio member of all council committees, and attends most meetings. The mayor also holds positions on many trusts, community organisations, and community committees, including acting as trustee or board member, committee member, chair and patron. He also hosts many meetings to facilitate community engagement.

The mayor is a Justice of the Peace, and hosts citizenship ceremonies, community awards, Trustpower Spirit of Rotorua Awards, and Young Achievers' Awards. The award ceremonies recognise the important contribution that others make to the Rotorua community.

Delegation

Not all decisions are made by committees or full council. A number of delegations exist that allow individual elected members, sub-committees, the chief executive and senior management to make certain decisions to allow the smooth and efficient running of day-to-day affairs.

These delegations are documented in Council's delegations manual and are subject to review at each triennial election and at any other time required.

Support for Elected Members

Elected members are guided and advised, formally and informally, through a number of mechanisms. The Local Government Act 2002 and other legislation provide the framework within which members are elected and must operate.

Council has adopted a 'Guide to Good Governance', which includes a code of conduct to help ensure transparency and a high standard of behaviour. Model standing orders are also used to guide meeting procedures and decision making processes.

The Remuneration Authority determines the overall salary pool for the mayor and elected members. How elected members are remunerated from the pool is determined by Council.

Elected members are advised by the chief executive (who may seek additional external advice on matters such as legal opinions) and by staff. Resources are also available from such bodies as Local Government New Zealand (LGNZ) and professional organisations. However, first and foremost, elected members are advised by the community which they represent, through formal and informal processes.

Members are elected every three years with the last election being in October 2010. Following elections, members undertake a formal induction programme covering their roles and responsibilities, as well as providing a thorough overview of the organisation and its operations.

Risk Management

The chief executive is responsible for managing organisational risk to ensure the continued provision of services, and to minimise financial impacts on residents.

Overall risk management is further supported through regularly reviewed insurance policies. Council have adopted an Integrated Risk Management Plan which covers strategic and operational level risks. These are reviewed through the ongoing review of the Asset Management Plans.

Council's asset management plans incorporate risk management policies and actions for each of Council's activities. There are established processes for ensuring business continuity in the event of an emergency or disaster.

Occupational health and safety

The Management Team regularly reviews the work of occupational health and safety subcommittees and also ensures staff are familiar with legal compliance matters.

Members' financial interests

A schedule of members' financial interests is maintained and members are required to declare their interests in any matter being considered by them at meetings, in their roles as elected members.

Declarations of Interest

Members are required to declare their interests (financial, commercial, land and other) at the commencement of each triennial. The schedule of interests is reviewed annually.

At the commencement of any meetings members are required to declare their interests in any matter being considered.



Mayor and councillors



His Worship the Mayor
Kevin Winters JP



Cr Trevor Maxwell
MNZM, Deputy Mayor



Cr Maggie Bentley



Cr Julie Calnan JP



Cr Dave Donaldson
QSM



Cr Mark Gould JP



Cr Karen Hunt



Cr Mike McVicker



Cr Merepeka Raukawa-
Tait



Cr Glenys Searancke
QSM



Cr Charles Sturt

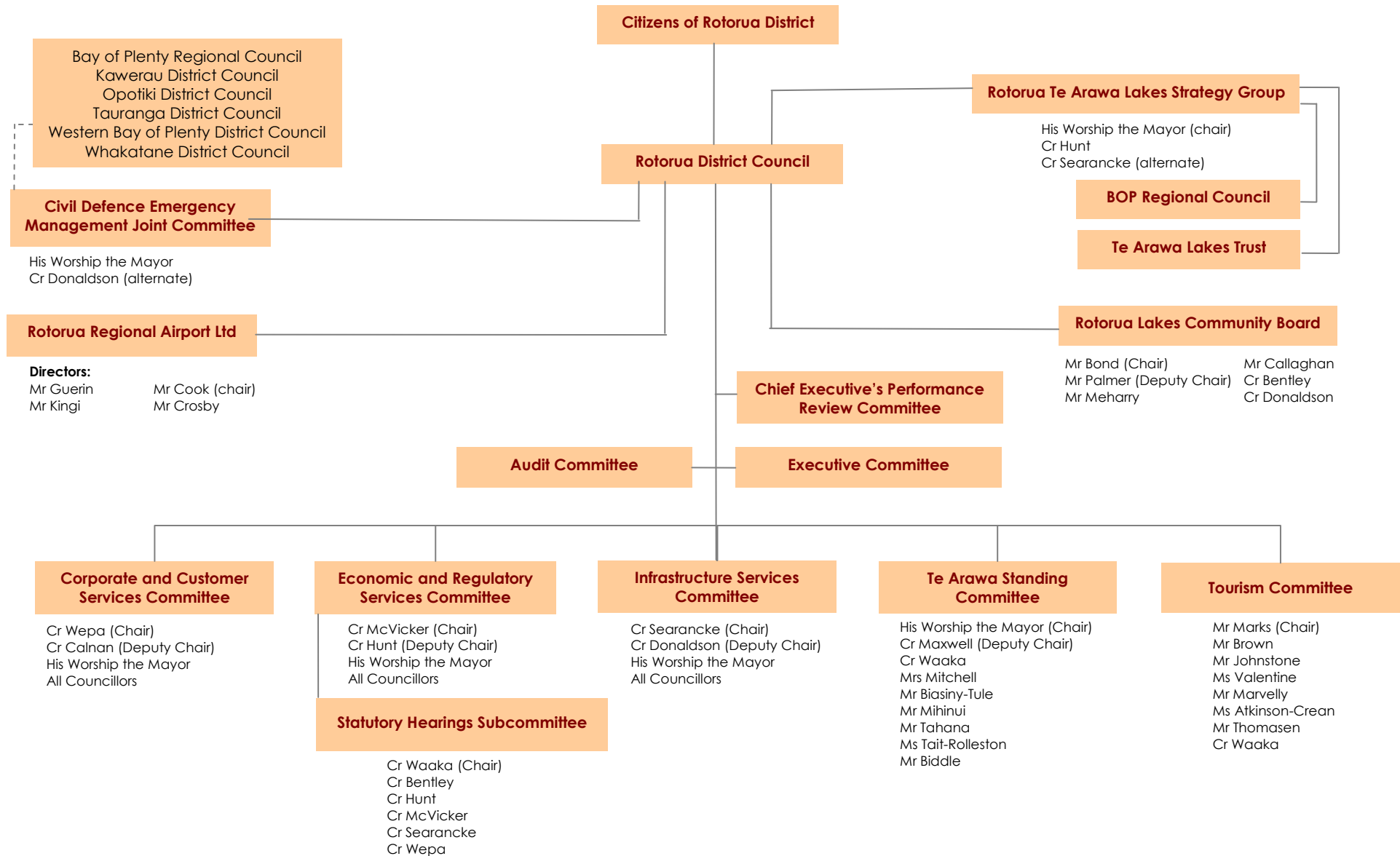


Cr Maureen Waaka
MNZM, JP



Cr Janet Wepa

Committee structure



Committee functions

- **Corporate and Customer Services Committee**
Civil defence, community assistance, community halls, community grants, corporate planning, customer service, democracy, financial, information and research, library, Long-term Plan and Annual Plan, monitoring, pensioner housing, rates, social policy, Annual Report.
- **Economic and Regulatory Services Committee**
Animal control, building services, city services, economic development, event venues, geothermal safety, museum, planning, parking enforcement, environmental health.
- **Infrastructure Services Committee**
Aquatic Centre, cemeteries/crematorium, nursery, public gardens, reserves, land drainage, Rotorua Airport, rural fire, roading/transport, road safety, state highways, waste management, refuse collection, landfill, waste water, sewerage schemes, water supplies.
- **Tourism Committee**
The Tourism Committee was established following elections in 2010. Membership comprises an appointed chair, six other appointed members and one councillor. The purpose of the Tourism Committee is to determine where Council's tourism investment should be focussed and to monitor the results.

- **Te Arawa Standing Committee**

The Te Arawa Standing Committee was established in 1993 and is chaired by the Mayor at the request of Te Arawa at the time the committee was established. As part of the Rotorua District Council's decision making process Te Arawa Standing Committee has the responsibility to provide a Te Arawa perspective on all matters that affect Maori.



Back (L-R): Kingi Biddle, Arapeta Tahana, Potaua Biasiny-Tule, Roku Mihinui.
Front (L-R): Deputy Mayor Trevor Maxwell, Waereti Tait-Rolleston, Mayor Kevin Winters, Cr Maureen Waaka, Rene Mitchell

- **Rotorua Lakes Community Board**

Established in 2007, the Rotorua Lakes Community Board has four elected members and two council-appointed councillors. The board advocates on behalf of residents of the lakes areas. The lakes covered by the community board are Tarawera, Okareka, Rotoma, Rotoehu and Rotoiti.



Left to right: Geoff Palmer, Leo Meharry, Maggie Bentley, Brentleigh Bond, Dave Donaldson, Neil Callaghan

- **Executive Committee**

Comprises mayor, deputy mayor, chairpersons of Corporate and Customer Service Committee, Economic and Regulatory Services Committee and Infrastructure Services Committee and the chief executive. Its work includes decisions on applications for remission and/or postponement of rates in cases of extreme hardship, negotiation of leases and emergency matters.

- **Audit Committee**
Comprises the mayor, the chairperson and deputy chairperson of the Corporate and Customer Services Committee and an outside appointee, Mr B. Lane. Its work includes internal/external audit matters. The committee meets as required.
- **Chief Executive's Performance Review Committee**
Is established in accordance with requirements of the Local Government Act 2002 to review the chief executive's performance.
This committee comprises:
 - The mayor
 - Deputy mayor
 - All councillors
- **Statutory Hearings Subcommittee**
Chaired by Cr Waaka, and supported by four commissioners. It has approximately 12 meetings per year and deals with subdivision applications, resource consent conditions and applications, objections and the district plan.
- **Rotorua Te Arawa Lakes Strategy Group**
Rotorua District Council, Environment BOP and Te Arawa Lakes Trust form this group. Lakes water quality is an important issue for the district and this group has been charged with ensuring that a proactive strategic approach is taken towards co-ordinating lakes water quality improvement. Mayor Winters and Councillor Hunt (Councillor Searancke – alternate) are Council's representatives.
- **Civil Defence Emergency Management Joint Committee**
The six city and district councils in the Bay of Plenty region, together with the Bay of Plenty Regional Council, form this joint committee. The functions of the joint committee are to identify, assess and manage hazards and risks for the Bay of Plenty region. Mayor Winters represents Council (Councillor Donaldson – alternate).
- **Rotorua Regional Airport Ltd (RRAL)**
RRAL is a separate entity whose shares are owned 100% by the Rotorua District Council. The company leases the airport assets from Council and operates the airport.
- **Economic Development Council Controlled Organisation**
Responsible for driving the Rotorua Sustainable Economic Growth Strategy's implementation. The board of directors are independent people appointed from outside of the council.
- **Other Committees**
These are formed as subcommittees to deal with particular issues as required. They usually meet irregularly and are in existence for as long as required, sometimes being in a period of abeyance between active periods.



Māori participation in decision making

Introduction

Council has a long standing history of working closely with Te Arawa and its hapū as the Confederated Iwi of Rotorua district. A number of mechanisms have been developed for consultation, engagement and communication purposes, and to involve Maori of the district in council decision-making processes. They will continue to be developed and reviewed to ensure their effectiveness.

These mechanisms provide a broad range of services on matters to do with Te Arawa, to ensure Te Arawa are able to participate in decision-making processes. The LGA has a number of references to Maori and the Treaty of Waitangi (Section 4 Part 1), Parts 2, 6 and schedule 10 clause 5 and Schedule 11.

The Resource Management Act (RMA) 1991 and the LGA 2002 are both specific in how local authorities must consult and include Maori and tangata whenua in decision making processes.

The following Maori groups within council provide opportunities for greater involvement by Maori in Council's decision-making processes.

Te Arawa Standing Committee (TASC)

In 1989 Te Arawa mooted the formation of a Maori advisory committee to meet the requirements of a number of statutes that were in the making at the time.

In January 1993 Council resolved to adopt a strategy to visit marae in the district to ascertain the wishes of the Maori community, with respect to an appropriate structure to give tangata whenua the ability to contribute to the decisions of Council on issues affecting tangata whenua.

In July 2007 at a Te Arawa hui-a-iwi at Te Papaiouru Marae, Ohinemutu, a recommendation was made that the Te Arawa Standing Committee be reviewed and that the review include representation and election model, functions, roles and accountabilities of the committee.

Following the review six representatives were elected to the Te Arawa committee on 29 May 2010 at Te Papaiouru Marae. The elections process was supported by Te Arawa Lakes Trust, Te Kotahitanga o Te Arawa Fisheries and Te Pumautanga o Te Arawa. Information about elected Te Arawa Standing committee members is on Rotorua District Council's website .

Te Pukenga Koeke o te Whare Taonga o Te Arawa

Te Arawa Kaumatua contribute to decision-making processes pertaining to care and protection of Te Arawa Taonga within the Rotorua Museum. The committee met periodically during the year to give guidance on the management of Te Arawa taonga.

Te Pukenga Koeke has been working steadily towards the goals of repatriating Te Arawa taonga from other Museums. They met twice with the Auckland museum and have been able to view a number of Te Arawa taonga held in the Auckland museum. They have also been involved in the relocation of Pukaki from the Civic Centre to Rotorua Museum.

Ngati Whakaue Gifted Reserves Protocol

This is an agreement between the Rotorua District Council and Pukeroa Oruawhata Trust on behalf of the original owners of the Pukeroa Oruawhata Block (known as the City of Rotorua) and their descendants. Council gives effect to the protocol through consultation when there is a significant or important decision to change status of any affected reserve. The committee last met on 29 November 2011.

Iwi Consultative Group

The Iwi Consultative Group holds two to three weekly meetings to assess resource consent applications and advise Council on section 6(e) of the Resource Management Act 1991, and to provide relevant tangata whenua contacts for consent matters.

Kauae Cemetery Committee

Kauae Cemetery Committee trustees meet twice a year to work through operations, policies and procedures, including provisions for the burial of descendants of Ngati Whakaue and the general public. The Kauae Cemetery Committee consists of members from council and Ngati Whakaue. They are appointed by the Maori Land Court.

Pukaki Trust

The Pukaki Trust meets to ensure the safe-keeping, conservation and maintenance of Pukaki. In 2011 Pukaki was moved to Te Whare Taonga o Te Arawa – Rotorua Museum.

Māori participation in decision making

Waka Taua Trust

The main function of this trust is to ensure that Te Arawa Waka Taua and the shelter that houses the waka are both well maintained. The trust is administered by the Te Arawa Lakes Trust. The members of the trust are representatives of Te Arawa and the Rotorua District Council.

Council's Kaupapa Māori Department

This department maintains council relationships with Tangata Whenua and Maori as well as strengthening the organisation's ability to effectively engage with Maori through training in tikanga and te reo. The department provides whanau, hapu, iwi and marae contacts and consultation advice to various council departments. The department has also produced resources such as 'Whare Korero', a pocket booklet for staff, councillors and the public. The booklet is a guide to Maori protocol, rituals and basic Maori language and pronunciation. The aim of the booklet is to provide an easy-to-use guide for Maori rituals, structures (marae) practices and language that Council and members of the public may encounter in Rotorua. The Kaupapa Maori department is involved in various projects including, MOU development with various Te Arawa iwi; District Plan Review, central business district revitalisation, Rotorua Eastern Arterial route, te reo training for staff and councillors, Te Arawa Standing Committee review, elections and ongoing support to the Te Arawa Standing Committee. Another significant role of the Kaupapa Maori department is building relationships and sharing information with private and public agencies, iwi and other councils that work with iwi and Maori in their regions and/or districts.

Mana Whenua Funding Policy

In 2005/06 Council reviewed its support of iwi management plans and developed a new Mana Whenua funding policy with objectives aimed at supporting the intent of section 81 of the Local Government Act 2002, and promoting resource management objectives. This policy was launched in October 2007. Since that time 14 Maori land trust projects have been supported. The projects have included papakainga feasibility studies, commercial feasibility studies, environmental enhancement projects, waahi tapu maintenance and enhancement, environmental rejuvenation project, replanting projects, kaumatua housing and marae study and restoration study.

The overall aim of the policy is to stimulate and encourage sustainable development of unoccupied Maori land in the District. The intent is to investigate viable strategies; build capacity of Maori land owners and develop joint projects that will benefit owners and the wider community. Recipients of the fund are Maori Ahu Whenua land trusts in the district, however Maori land reservations or marae undertaking projects that will improve water quality may also be eligible.

Rotorua Te Arawa Lakes Strategy Group

This joint committee, with representatives from Bay of Plenty Regional Council, Te Arawa Lakes Trust and Rotorua District Council, meet regularly to ensure a proactive strategic approach to coordinating lakes quality improvement in the district. This structure has been enshrined in legislation as part of the Te Arawa Rotorua Lakes Settlement.

Lakes Restoration and Rehabilitation Programme

This programme was established for both the strategic and operational delivery of action to enhance fresh water sustainability of Rotorua lakes and has iwi representatives. A number of action plans for specific lakes have been developed with contributions from a range of stakeholders including iwi.

Tuhourangi Memorandum of Understanding

In April 2005, Council signed a memorandum of understanding (MOU) with Tuhourangi. The founding statements of the memorandum include: "Council also wishes to establish and maintain processes to provide the opportunity for Tuhourangi to contribute to the decision-making of the Council".

Tuhourangi meetings with Council have included the following projects: Tarawera and Okareka Landscape Assessment; proposed Crater Lake Park Development update; traffic and parking management plan for Punaromia, Tarawera Landing; Lake Tarawera boat trailer parking; Whakarewarewa Forest Vision and Tarawera Trail.

Te Arawa Lakes Trust and Rotorua District Council Memorandum of Understanding

On 18 December 2009 a protocol between the Rotorua District Council and the Te Arawa Lakes Trust was signed. The purpose is to ensure that engagement and communication between the organisations is effective, that respect for both organisation's roles and responsibilities is upheld, and that the cultural and spiritual relationship Te Arawa has with the 14 lakes and lake beds in Rotorua is recognised.

Māori participation in decision making

Ngati Rangiwewehi, Ngati Rangiteaorere, Tapuika (Nga Tokotoru) – MOU

2010 saw the development and completion of three new MOU between RDC and Nga Tokotoru. The purpose of these MOUs is to build relationships and to forge new partnerships with respective iwi and hapu.

Other Memoranda of Understanding

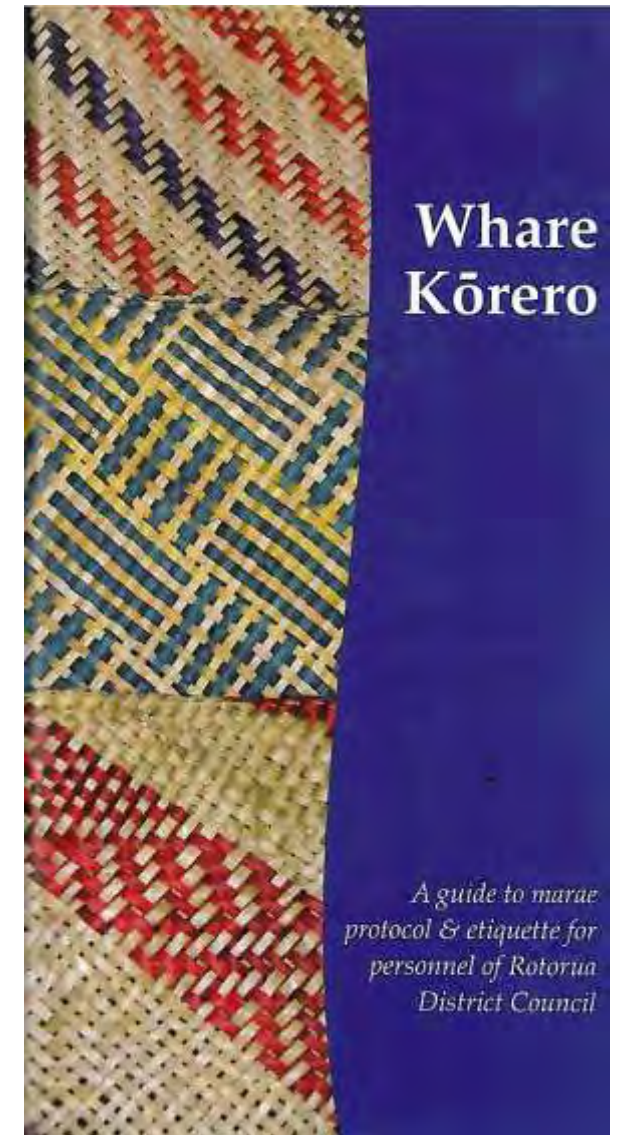
Other MOUs are being developed between Rotorua District Council and hapu of Te Arawa.

Community and Public Arts

Local Maori artists, writers, performers and composers work with RDC on activities and events which have included; the Matariki festival, Artists in Residence, implementation of public art concepts and mural design and development in Western Heights and Brooklands, modernisation of Lakefront public facilities with a locally made mural, collaborative partnership in the Magma Film Festival, kaitiaki sculptures in Ngongotaha, Children's Day and consultation with iwi for gateway designs for the Northern entry into Rotorua. These activities and events contribute to Rotorua District's community outcomes for a living Maori culture and a happening community.

Whare Korero

The Whare Korero booklet was initially compiled by the council's Director Kaupapa Maori in 1997; the latest version in 2006. The handbook is to guide staff in gaining a basic understanding of Maori rituals, protocol and etiquette. The pocket booklet includes Maori language and pronunciations, a guide to rituals or marae etiquette, names and contact addresses of marae, formal and informal greetings, waiata, chants and karakia.



Introduction

The council is organised around three key operational groups headed by group managers reporting directly to the chief executive. The Rotorua District Council is a high performing local authority with a strong focus on customer service and continuous business improvement.

Staff development and support

The council encourages employees' professional and personal development by identifying individual training requirements through its 'Performance Plus+' staff development and annual review programme.

Council management is committed to ensuring staff have a safe working environment and continually strive to improve the overall health record for all operational staff, including contractors and people from other organisations working with Council. RDC has been accorded the highest possible ACC accreditation status.

Council has a number of initiatives in place to support staff health and wellbeing. These include the Employee Assistance Programme (EAP) which provides independent counselling and its Equal Employment Opportunities Policy and programme.

Staff numbers

The total staff employed by Council is 546.67 fulltime equivalents. Staffing levels are anticipated to remain largely static over the next ten years. Changes in business focus will allow for movements within the organisation other than new major increases in levels of service.

A significant portion of the council's staff complement are related to Castlecorp, a key internal business unit delivering a wide range of RDC services.

Vision, Mission and Values

Rotorua District Council staff work under an organisational vision, mission and set of values that drive the strategic direction, the way the council operates, and the principles employed in providing services for the community.

Rotorua District Council's organisational vision, mission and values are:

vision.mission.values.

vision
An outstanding organisation.
Exceptional people. Workplace of choice.

mission
Shaping a great future together.
Inspired leadership. Superb services.

values

Service: We strive for excellence, continuous improvement and value for customers.

Teamwork: We communicate and co-operate with each other and with our communities - 'tatau tatau'.

Integrity: We act with commitment, honesty, openness and respect for others.

Recognition: We appreciate and acknowledge effort, and we celebrate success.

Satisfaction: We take pride in our work and we have fun together.

ROTORUA DISTRICT COUNCIL

whakakitenga, whakatakanga, ngā ūarātanga

whakakitenga
He roopu whakahaere mātāhō
He iwi whakaharāhara, he waahi tōtika ki te mahi

whakatakanga
Ko te waihanga ngātahi i te ara whakamua,
He kalarahi whakaawe, he rātonga tino pai rawa.

ngā ūarātanga

Rātonga: Ka whakapakari kia eke parauku
Kō te whakapai ake i ngā ūarātanga hei painga mo te iwi.

Mahi ā Roopu: Ka whakawhitiwhiti kōrero ka mahi ngātahi
mo te painga o te hāpori whānui. 'tatau tatau'

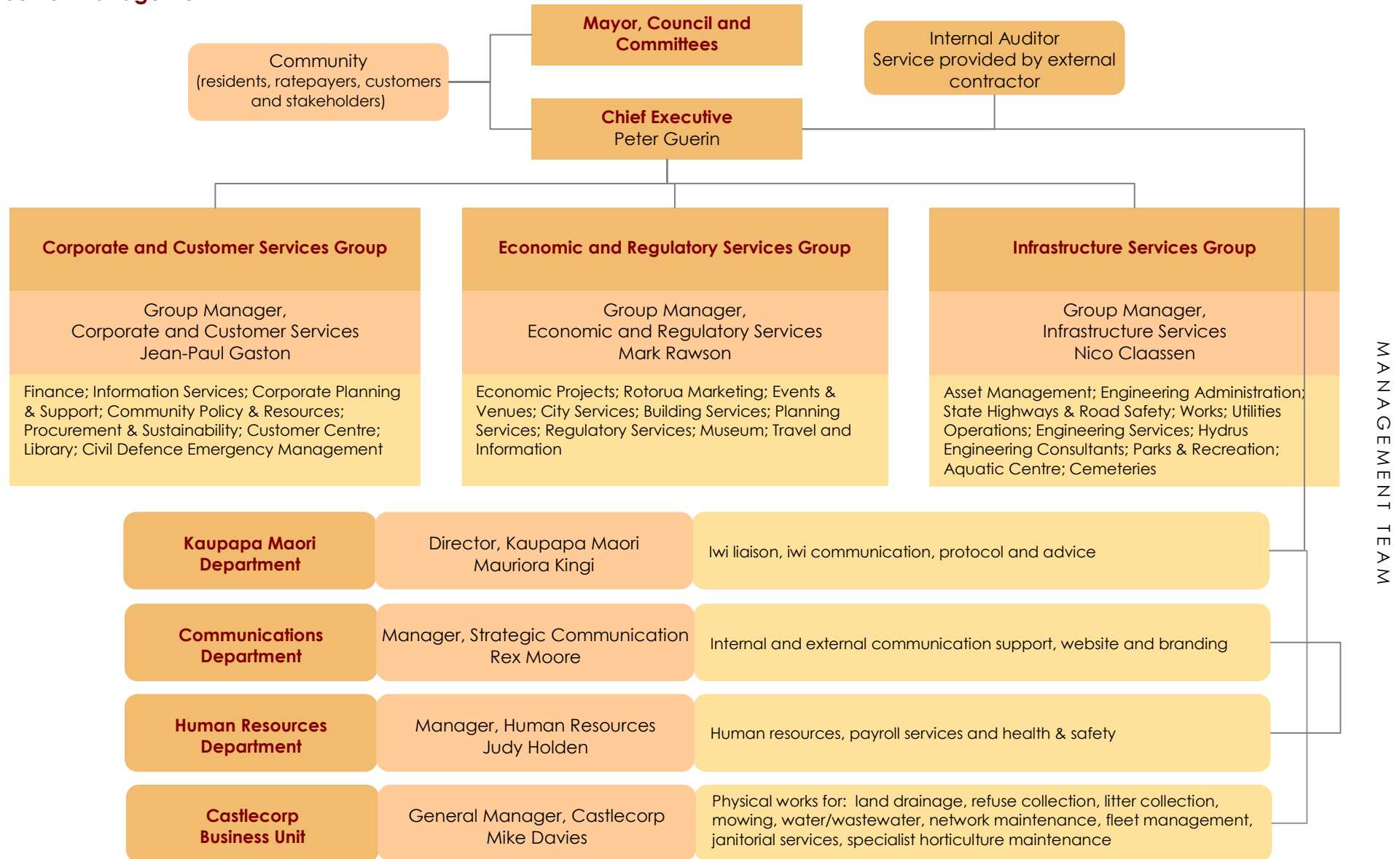
Ngakau Tapatahi: Ka mahi i runga i te tika, i te pono
me te whakaaro nui a tētahi ki tētahi.

Whakamihī: Ka ngākau nūtia ka whakanuia hoki i
ngā whakawhitiwhinga.

Manawanuitia: Ka whakahi nga mahi kua oti,
kua tau kua tutuki.

ROTORUA DISTRICT COUNCIL

Senior Management



What are Community Outcomes?

In the last Ten Year Plan a strategic framework called the 'Bright Future Rotorua - community outcomes' provided an overarching set of strategic goals that council and other organisations used to guide service delivery and resource allocation. They were a focal point for promoting closer working relationships, to ensure resources are used effectively and in a coordinated manner.

However amendments made to the Local Government Act in 2010 have changed the focus of community outcomes. They are now seen as statements of what councils want to achieve – the council's high level objectives. Freedom has been given to councils to decide how best to structure these outcomes and how to monitor and report on them.

What are the Community Outcomes for the Rotorua District?

Council has decided that their objectives are well reflected in the existing community outcomes framework. This framework was developed with extensive community input and the key priorities of the community have been tested over the last six years. With this in mind Council has focused on re-defining its role, with minor changes, to better reflect more emphasis on aligning the goals of its services to the strategic long term goals of Council. The council's eight objectives are linked by 'visionary community leadership', with each considered of equal importance. Together these objectives provide the basis for what the council wants to achieve for a bright, successful Rotorua.

The updated council objectives are shown in the diagram below and the more detailed interpretation of each is provided in the table over the page.



Defining the outcomes

Visionary Community Leadership

Overarching these community outcomes is a desire by council to exercise visionary, inclusive leadership, supported and fostered within Rotorua communities

Ko te tūāpapa e whakamaru ana i nga whāinga ā hāpori he ākina na te kaunihera ki te whakamahi i ana tirohanga whakamua, tōna rangatiratanga, mā nga hāpori o Rotorua e tautoko e kōkiri



- Rotorua communities have a clear vision for sustainable development, prosperity and wellbeing.
- Communities are informed and engaged in planning and developing the district's future.
- Organisations and communities work together at all levels to achieve shared outcome.
- Maori are respected as partners in decision-making and have a voice in issues affecting the district.

Safe and Caring

A community in which our families and whanau feel safe, strong and supported

He hāpori e haumaru ana e tautoko nuitia ana i ngā whānau



- Safe homes and streets
- Fewer road accidents
- Organisations working together on agreed priorities
- Providing safe public spaces
- Families and whanau work, play and talk together
- Strong sense of community spirit
- Respect for cultural diversity/strengthening relationships between all cultures
- Support for new New Zealanders to become part of the Rotorua community
- Support for young people and older people

Prosperous Economy

A district with a reputation as an attractive place to live, work and play, with desirable living and skills standards, and sustainable economic growth
He rohe e rongonuitia ana mo te noho mo te mahi me te tākaro, he pai kē atu nga āhuatanga e paana ki te ōranga, te noho me te toko ake i te taha whaihua



- Encouraging private enterprise
- Enhancing tourism as an iconic sector of Rotorua's economy
- Encouraging development of Māori land and resources
- Reducing unemployment rate
- More investment in our district
- More employment opportunities
- More new business
- Celebrating and promoting our district's unique qualities
- Encouraging growth
- An attractive and lively city centre
- Sustainable development

Excellent Facilities and Services

A well planned district that is easy to get around, has essential services available to everyone, and offers accessible quality facilities that promote vibrancy.

He mārama te haerere haere i roto i te rohe, he rātonga me nga rātonga whare e wātea ana ki te katoa



- Easy to get from place to place
- Good, safe, maintained services and facilities
- Provision of good quality event, conference and tourism facilities
- Good quality infrastructure for future
- Excellent reliable communication infrastructure
- A great trans-Tasman airport

Environment

A district where we value our environs, understand and respect our lakes, streams, forests and geothermal resources, and where the community is committed to protecting, monitoring and improving the natural environment.
He rohe e ngākau nuitia ana ki tōna taiao, te tiaki i nga roto, nga awa, nga ngāhere me nga puna ngāwha, ko tā te hāpori he whakaihi i nga ahuatanga o tiaki i te taiao



- Looking after our air, land and water resources
- Improved lake water quality
- Beautiful, litter-free urban environments
- Waste reduction, re-use and recycling
- Kaitiakitanga (guardianship)
- People using and enjoying our natural environment
- Historical sites and buildings are protected and promoted
- Managing and protecting geothermal resources and our springs, trout, lakes, forests, geysers
- Encouraging sustainable modes of transport

Living Maori Culture

A district where the history of Te Arawa in the district and the value of Maori culture is recognised and fostered.
He rohe tēnei e whakanuia ana e tiaki ana e pupuri ana i nga kōrero o nehe rā e paana ki a Te Arawa



- Preservation and sustainable development of Maori resources
- Respecting Te Arawa as part of the unique heritage of Rotorua district
- Celebrating and nurturing traditional Maori culture
- Maori are respected as partners in decision-making and have a voice in issues affecting the District

Learning

A district offering opportunities to expand the minds of its community, to explore ideas and to form strong well supported opinions.
He hāpori e tuku ana i ētahi huarahi angitu hei whakarahi ake i te tirohanga o te hāpori me te rangahau i ētahi atu ara hou hei whaingā ma te katoa



- Learning activities accessible for everyone

Thriving

An exciting place offering a wide range of activities and events, where diversity is encouraged and creativity inspires.
He waahi e hihiko ana e tuku ana i ētahi matatinitanga me ētahi kaupapa nunui hei haerenga mā te hāpori me te iwi whānui



- Lots of events including sporting, cultural, festivals, arts
- Leading edge activities and events
- Foster artistic expression, art, music, dancing, public performances and exhibitions
- Great facilities to visit e.g. museum, arts village, aquatic centre

Healthy

A community that is healthy and active, where air and water is of the highest quality, and where parks, reserves, walkways, cycleways and programmes encourage participation in recreational activity at all levels.
He hāpori hauora, hāpori kakama he rawe katoa te hau me nga ara wai. E wātea ana nga papa rēhia, nga whenua rāhui, nga ara hikoi, nga ara paihikara hei waahi tākaro mā te katoa



- Increasing recreational opportunities
- Safe drinking water
- Improved youth health
- Effective responses to developing health issues
- Warm, healthy homes
























































Monitoring and Reporting Progress

There is no longer a legislative requirement to monitor and report on the progress of council objectives. However legislation does dictate that where monitoring is undertaken on council objectives the results must be reported in the annual report. The revised measures (above) are collated via a number of council sources, (RDC Performance Management Framework, Perceptions of Safety Survey, Community Satisfaction Survey, Environmental Monitoring Report etc). Council will continue to use these methods to monitor the objectives and will produce a full monitoring report bringing together all of the stakeholders monitoring areas on a five yearly basis. This reporting will be aligned with the State of the Environment report. The next reporting on Community Outcomes will be published in 2016.

Council community outcomes

How Council's activities promote community outcomes

(Activities are linked to the primary community outcomes. In some cases the secondary outcome may be displayed to represent total service delivery.)

	Visionary Community Leadership	Safe and caring	Prosperous economy	Environment	Excellent facilities and services	Living Maori culture	Thriving	Healthy	Learning
Community Engagement and Support									
District Library									
Emergency Management									
Governance and Strategic Management									
Building Services									
Economic Development									
Events & Venues									
Planning									
Regulatory Services									
Rotorua Museum									
Aquatic Centre									
Engineering Services									
Public Gardens, Reserves and Cemeteries									
Roads and Footpaths									
Rotorua Airport Infrastructure									
Sewerage and Sewage									
Stormwater and Land Drainage									
Waste Management									
Water Supplies									



**GROUPS OF
ACTIVITIES**

CORPORATE AND CUSTOMER SERVICES GROUP

Overview of Group

The Corporate and Customer Services Group underpins council's democratic processes and provides policy and priorities for strategic direction, advocacy, and delivery of services to best meet the community's needs.

Significant emphasis is being placed on a 'whole of council' approach to customer service and continuous improvement. This will again enable Council to keep rates rises to a minimum while enhancing the services provided to our ratepayers, residents and visitors.

Procurement processes were a key focus of the last plan and this work has enabled Council to hold rates over the previous three years to levels well below CPI. More gains are expected in this area based on greater use of 'Whole of Government' contracts that are being made available to Local Government.

This group is central to ensuring that Rotorua District Council's services are contributing towards the promotion of community outcomes and improving social, cultural, economic and environmental wellbeing for the people of the district. There is a particular emphasis in this Long-term Plan on lifting the economic performance of the district. As a council this means doing things better, faster, cheaper and at less cost.

This group is made up of the following activities of council:

- Governance and Strategic Direction, which includes:
 - Chief Executive group
 - Corporate planning and support
 - Corporate property
 - Customer services
 - Democracy
 - Financial services
 - Human resources
 - Information services
 - Kaupapa Maori
 - Land information services
 - Procurement and sustainability
 - Records
- Community engagement and support, which includes:
 - Community grants
 - Pensioner housing
 - Halls and Community House
 - Policy and resources
 - Community arts
 - Community safety
 - Youth activities
- District Library
- Emergency management
- Rural fire



What we do

This activity covers a range of specific functions, in particular roles that work towards social wellbeing outcomes. The focus areas are:

Engaging Communities

The council works with community organisations to ensure their sustainability. When strong, these organisations can make positive contributions to the social and cultural wellbeing of people in the district. Engagement includes programmes, projects and activities for specific groups. The scope of work includes engagement with young and older people, those interested in art and the arts community, ethnic communities, people who are disadvantaged, and crime and safety concerns. This work includes research to track the social impact of societal and demographic changes, and other activities within the district.

Community Assistance

Council provides contestable funding schemes which allow community groups to make contributions towards achieving Rotorua's community outcomes. The schemes are:

- **Community Asset Development Fund (CADF)**
For the period of the Long-term Plan 2012-22, \$50,000 per year is available in this fund, which is \$500,000 over the ten years.

- **Community Grants**

Designed to assist and support a wide range of 'not for profit' community organisations to continue their work around meeting the needs of the community. Grants are usually up to \$1,500. The funds can be used for most purposes except for the purchase of equipment and buildings. An annual fund of \$28,000 per year is available, which will be allocated to organisations for a three year period.

- **Creative Communities**

Council acts as an agent for central government, with \$49,000 per year received from Creative New Zealand and distributed by the council's Rotorua Creative Communities Committee.

- **Community Safety**

Designed to assist local not-for-profit groups and organisations undertaking projects with a crime prevention focus. Funding of \$25,000 per year is available throughout the period of this Long-term Plan.

DID YOU KNOW....

Council's suite of social monitoring consists of:

- Social Monitor Rotorua
- Changing Communities Rotorua
- Aging Population Rotorua
- Social Well-being
- Patterns of Well-being
- Young People Rotorua
- Good Health Directory

“a district with a strong community spirit – all residents are proud to belong and are able to feel safe, participate fully in community life and develop their potential irrespective of socio-economic background”

Grants for Services

Council currently provides grants of over \$5,000 per annum to a number of local organisations for services. These grants operate in the form of three year contracts with agreed deliverables, the total value being \$300,574 for 2012-2013. Another level of grants for services of less than \$5,000 per annum also exists. Funding available for these grants for services is currently \$23,500.

Ahead of preparing the draft 2012-2022 Long-term Plan the council invited 'expressions of interest' from all the current recipients of grants for services. Council asked them to consider how they could contribute to the council community outcomes. Council has considered all these 'expressions of interest' and resolved that the following organisations will receive annual allocations for the next three years (2012-2015).

Upper tier grant recommendations	
Organisation:	Annual grant recommended for 2012-2015
Te Papa Takaro O Te Arawa	\$27,315
Rotorua Arts Village Experience	\$24,318
Older Persons Community Centre Trust	\$10,608
Citizens Advice Bureau Rotorua	\$26,520
Rotorua Community Youth Centre	\$54,709
Rotorua Neighbourhood Support Trust	\$50,000
Sport Bay of Plenty	\$54,604
Rotorua Night Shelter Trust	\$30,000
Rotorua Christmas Parade Trust	\$7,500
Rotorua Branch of SPCA Inc	\$15,000 2012/13
	\$10,000 2013/14
	\$5,000 2014/15
Total upper tier grants for 2012-2013	\$300,574
Lower tier grant recommendations	
Organisation:	Annual grant recommended for 2012-2015
Rotorua Municipal (Brass) Band	\$3,700
City of Rotorua Highland Pipe Band	\$3,700
Rotorua Symphonic Band	\$3,700
Te Amorangi Museum	\$3,700
Rotorua Branch of SPCA Inc	\$3,700
Rotorua Friends of Opus Orchestra Trust	\$5,000 2012/13 and 2013/14
Total lower tier grants for 2012-2015	\$23,500

Note: Funding towards the Whakarewarewa Dining Hall (\$4,664) is now funded from Kaupapa Maori within Governance & Strategic Direction.

Note: Council will contribute \$5,000 in 2013 and 2014 towards poukai celebrations for the anniversary of the late Maori Queen. To be funded from Kaupapa Maori within Governance & Strategic Direction.

Community Halls

The council maintains eight rural and one urban community hall, and makes a financial contribution to two other halls used by residents of the district. The halls provide indoor meeting places for people who live within the district. They are hired out to users, and managed by local volunteer committees. The halls are in Ngongotaha, Mamaku, Kaharoa, Lake Okareka, Waikite, Reporoa, Broadlands, Rerewhakaaitu, and Ngakuru. Financial contributions are made to halls in Atiamuri and Lake Rotoma.

Pensioner Housing

The council provides and maintains pensioner housing complexes in Ngongotaha, Westbrook, Glenholme and Fenton Park. There are 152 units.

Community House

Community House was purchased by Rotorua District Council in 1993. The house provides office accommodation for many of the district's not-for-profit groups which offer health and social services to the people of the Rotorua district.

Community House is a three-storey building in Haupapa Street, in the central business district. There are 23 social service organisations housed on the ground and first floor. Rental for these tenants is subsidised by RDC. The third floor is leased out at market rates.

Citizens Advice Bureau acts as lead tenant and manages day-to-day issues for the first two floors.

Why we do it

To foster social and cultural wellbeing, by engaging with communities to help them achieve their objectives, build their capacity, strengthen their identity, and ensure their sustainability.

Community Engagement and Support

Major projects


Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Stage 2 Redevelopment of the Rawhiti complex in Glenholme	Condition/age of current units mean that they are harder to tenant, costly to improve, and give rise to health and safety concerns.	Stage 1 Rawhiti Flats redevelopment completed in 05/06. Stage 2 was planned to follow, however Central Government reprioritised funding support and made it available to larger cities only. No further developments could proceed locally.	2016-2020 \$4,129,000 Neutral to council through public private partnership	<ul style="list-style-type: none"> ▪ Council investigates partnership with another agency to achieve Stage 2 redevelopment. ▪ Leave units empty as they decline.
Carparking area Lucas Place	To improve the amenity value of the facility, to improve access for tenants who own cars, and to limit damage to the land and grounds.	Complex was built 50 years ago and there was no provision for cars. With changes in society, more tenants have cars which need accommodating.	2013 \$65,000	<ul style="list-style-type: none"> ▪ Cars remain on road or continue to be driven over grounds and randomly parked in the complex.
City Safe Guardians	To improve the perceptions of safety in the CBD and surrounding areas.	City Safe Guardians evolved from previous City Assist summer safety programmes. Retailers petitioned for Council to make a longer term project for 2011-12. The trial programme has been seen as very successful and both Council and retailers want it to continue.	2013-15 \$400,000 for four staff (\$200,000 per year)	<ul style="list-style-type: none"> ▪ Council seeks contributions from retailers towards the costs of this project. ▪ Council does not run the initiative.




Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Community Engagement & Support									
 <p>Safe and Caring</p>	<ul style="list-style-type: none"> By working with a range of organisations on agreed priorities, including International Safe Community designation (Treasure Rotorua). By working towards safe homes and streets, lowering crime rates, improving perceptions of safety amongst residents, curbing alcohol related violence in the district. By providing safe public spaces through use of Crime Prevention Through Environmental Design (CPTED) principles. By actively working to create supportive environments for those affected by child abuse and family violence in the district. By supporting activities undertaken by Rotorua Safer Families. By contracting with local 'not-for-profit' organisations to ensure services are available for residents. By implementing the RDC Crime Prevention Plan with key partners. By contributing to the support of local not-for-profit organisations through accommodation and grants for services contracts. By partnering with other agencies around priority projects e.g. Safer Families. 	Provide networks which grow and sustain a strong and empowered Rotorua community through projects including: research, programmes, events, services, resources, maintaining local, regional, national and international networks and relationships.	Number of community development projects delivered each year.	New measure	Project reports to council	6	6	6	6
		Work towards making Rotorua district safer and more connected, through a reduction in crime and injury statistics.	Maintain Safe Community accreditation.	Achieved	Accreditation confirmation from Safer communities Foundation NZ to Council.	Achieved	Achieved	Achieved	Achieved
			85% of residents who feel Rotorua is definitely or mostly a safe place to live.	85%	Perceptions of Safety Survey	85%	85%	85%	85%
		Provide support for character building/relationship building through programmes/networks aimed at Rotorua's young people.	Four youth development projects are delivered each year.	New measure	Annual report to council	4	4	5	5
			Four Youth Council meetings each year.	10	Minutes of Youth Council meetings	10	10	10	10

Community Engagement and Support

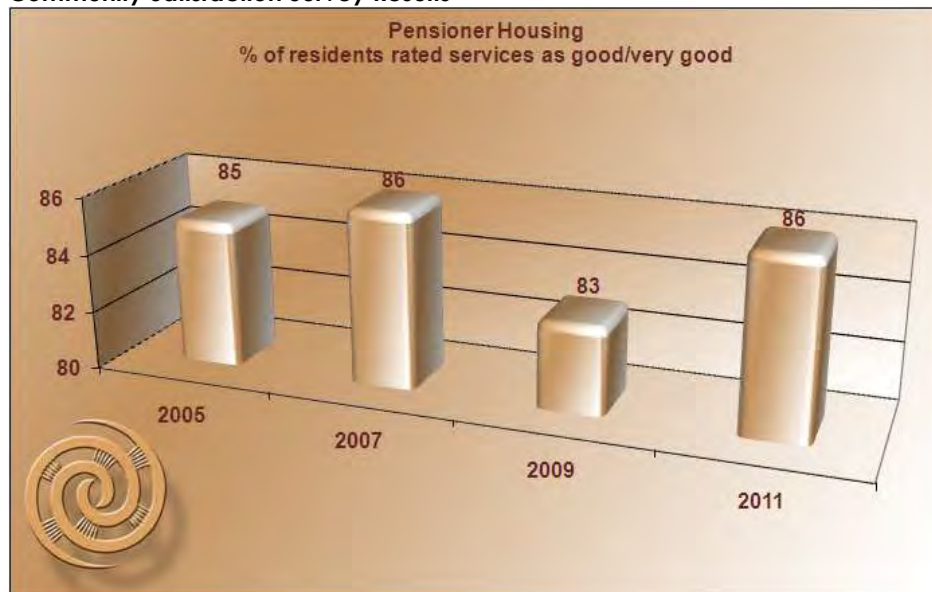
Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Housing									
 Prosperous Economy	<ul style="list-style-type: none"> By working towards ensuring that older persons have access to housing options that suit their needs and personal situations. 	Provide affordable/sustainable housing to Rotorua's older people on low incomes, for housing not funded through rates.	Rental income covers 100% of operations costs.	Achieved	Monthly financial reporting and Annual Report	Achieved	Achieved	Achieved	Achieved
			85% of tenants rate their units as good/very good in two-yearly satisfaction surveys.	86%	Tenant satisfaction survey	85%	N/A	85%	2017 2019 2022

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. A negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Cost of maintaining community halls is met by Council via rates.	Collect data on hall use and present annually. Train and resource voluntary facility management committees to help promote use of Community Halls. Facilitate regular meetings between Council and volunteers who oversee halls.
Community group expectations of ongoing support.	Clarify and communicate grant applications and decision-making processes.
Perceptions of inequality in support provided.	Retain close links with local not-for-profits/relationships with other key stakeholders to be well informed about the needs in the community.

Asset management

Key assets

The key assets associated with this activity are:

- Pensioner Housing units – 152
- Community halls – 9
- Community house

Maintaining our assets

Council assets are maintained as per agreed specifications in service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate asset management plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/ backlog	Rawhiti flat upgrade	-	-	-	4,129
	Parking pads and bollards	65	-	-	-
Renewal and replacement	Renewal carpet, drapes, roof and other	88	161	85	933
	Rawhiti and Lucas flats plant and building renewal	89	83	30	347
Total		242	244	115	5,409

Activity assumptions used in providing this activity

This activity has been developed in line with Council's Significant Forecasting Assumptions. In addition, the key drivers of age, demographic changes and the changing popularity of sporting codes/leisure activities have been recognised as having an impact on Pensioner Housing, Community Halls and Community House.

Community Engagement and Support

Community Engagement & Support - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties Targeted rates (other than a targeted rate for water supply)	1,912	2,026	2,144	2,136	2,108	1,951	2,099	2,567	2,154	2,140	2,237
Subsidies and grants for operating purposes	44	149	94	52	54	55	57	59	61	63	65
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	851	847	874	900	929	959	986	1,015	1,047	1,082	1,118
Total operating funding (A)	2,807	3,022	3,112	3,088	3,091	2,965	3,142	3,641	3,262	3,285	3,420
Applications of operating funding											
Payments to staff and suppliers	2,089	2,202	2,178	2,202	2,072	2,102	2,166	2,250	2,434	2,352	2,495
Finance costs	67	52	54	56	54	59	62	66	68	69	70
Internal charges and overheads applied	629	606	624	633	650	661	677	693	711	732	752
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,785	2,860	2,856	2,891	2,776	2,822	2,905	3,009	3,213	3,153	3,317
Surplus (deficit) of operating funding (A - B)	22	162	256	197	315	143	237	632	49	132	103
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	772	798	824	852	883	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	1	-	-	1	(2)	-	-	1
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	1	772	798	825	850	883	-	1
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	65	-	-	772	798	824	852	883	-	-
- to replace existing assets	118	177	245	115	323	202	139	512	14	49	41
Increase (decrease) in reserves	(96)	(80)	11	83	(8)	(59)	99	118	35	83	63
Increase (decrease) in investments											
Total applications of capital funding (D)	22	162	256	198	1,087	941	1,062	1,482	932	132	104
Surplus (deficit) of capital funding (C - D)	(22)	(162)	(256)	(197)	(315)	(143)	(237)	(632)	(49)	(132)	(103)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

Collections/lending services

The library provides a range of children's, teens' and adults' fiction and non-fiction books in normal and large print, magazines, not-for-loan reference books, special collections of NZ books, an historical collection of local newspapers on microfiche, talking books, music CDs, E-Audio books and DVDs. The library houses the Community Toy Library, a collection of material belonging to the Rotorua Branch NZ Society of Genealogists, Te Rangikaheke papers (held in trust for Ngati Rangiwewehi) and a variety of Maori Land Court minute books. All of these are available to the public.

Kete Rotorua

This web-based facility provides a 'kete' (basket) for collecting images and information about Rotorua and its inhabitants both past and present. It is managed by the library and enables individuals, community groups and associations to share information.

Website

A new website was launched in 2011. This easy-to-use website (www.rotorualibrary.govt.nz) provides free access to the library's catalogue and a range of government, education and research databases, as well as the library's facebook and twitter pages.

Mobile Library/House Bound Service

The mobile library travels to outlying areas of the district, to rural schools, retirement homes and other areas where location and transport is an issue. The housebound service delivers books and resources to members of the community who are restricted to their homes due to illness or disability. The books are selected by staff and delivered fortnightly by volunteer drivers.

Programmes/Displays & Exhibitions

Various programmes are provided to cover differing age groups belonging to or using the library. These include:

- Rhyme 'n' Rumpus (twice a week)
- School holiday programmes
- Teens' programmes
- Author evenings (at least six times a year)
- Reading Round for adults (monthly)

Toi Tangata is a special exhibition area provided for local artists to display their work. There are also display cases and notice boards throughout the library to showcase community and national events.

Library Mascot

The Library's mascot, Fletcher Tuatara, visits schools with staff to inform students about the library and encourages them to become members/users. All new entrants in the district's primary schools are invited to special library events throughout the year where they can join the library and receive a free book.

Why we do it

- To provide education, information, cultural and recreational resources and to minimise economic, social and cultural barriers to information access;
- To provide a repository for local history reflecting the community's culture and diversity, including special collections of New Zealand, Maori and Polynesian history, for future generations, and information and books in European, Asian and Pacific languages.





Major projects



The Library building upgrade completed in 2009 created additional space for users of the Library and provided better access to technology and information. As a result of the increased level of service it is not expected that major capital investment will be required for at least 10-15 years.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing an excellent facility and resources to the community that would not otherwise be provided by private enterprise. 	Library readily accessible to residents and visitors and meets the needs of the community.	60% of the population are members of the library.	64%	Horizon database and Statistics NZ population figures	60%	60%	60%	60%
			75% of households which have used the library in the last 12 months.	74%	Customer satisfaction survey	75%	75%	75%	75%
			85% of residents are very/fairly satisfied with the level of service.	82%	Annual resident satisfaction survey	85%	85%	85%	85%
 Living Maori Culture	<ul style="list-style-type: none"> By fostering Maori cultural activities and expression. By respecting Te Arawa as part of the unique heritage of Rotorua district. 	Maintain a collection of local Maori and European print resources for reference and study.	3% of overall book collection budget dedicated to purchase of Maori and European print resource.	New measure	Horizon database and financial year book budget	3%	3%	3%	3%

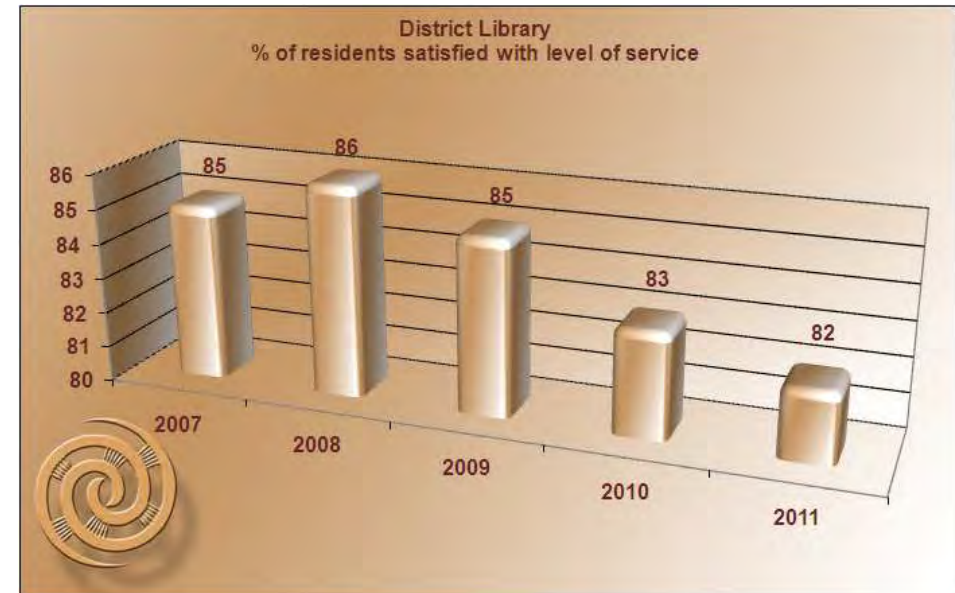
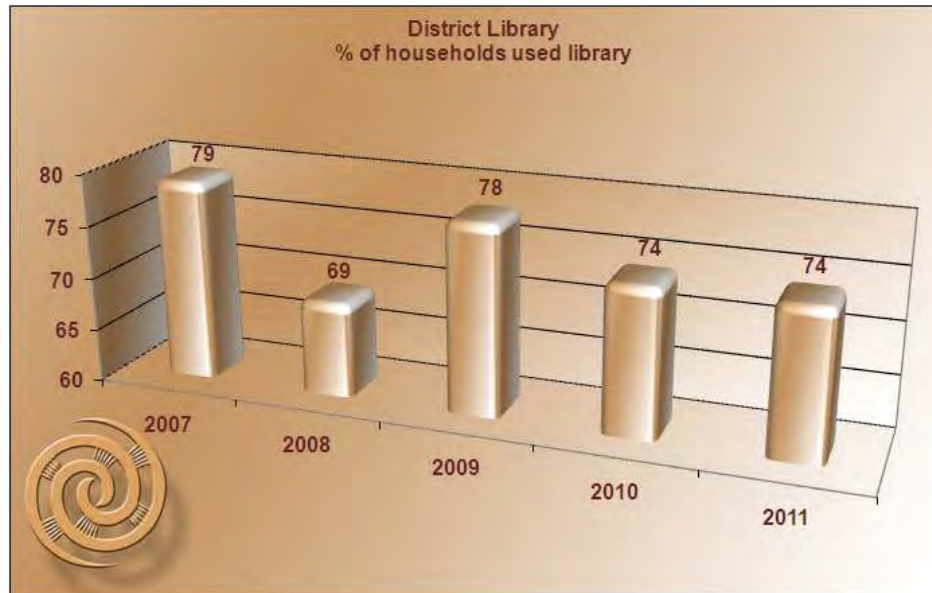
Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Learning	<ul style="list-style-type: none"> By providing learning activities accessible for everyone. By providing excellent pre-school/infant facilities. By providing whanau supported learning. By encouraging literacy and lifelong learning, supporting formal and informal education. 	Maintain collections of fiction and non fiction for information, education and recreation.	Average annual items issued per capita.	10.7	Horizon database and Statistics NZ population figures	10	10	10	10
			0.2 items purchased per annum per capita.	0.22	Horizon database and Statistics NZ population figures	0.20	0.20	0.20	0.20
 Thriving	<ul style="list-style-type: none"> By providing leading edge activity events. By fostering artistic expression, art, music, dancing, public performances and exhibitions. By providing great facilities to visit. 	Provide events that reflect the art and cultural interest of the community with a specific focus on literacy.	Four children's programmes per year.	4	Events calendar	4	4	4	4
			Two teens' programmes per year.	2	Events calendar	2	2	2	2
			Two 'Rhyme 'n' Rumpus sessions per week during term time.	2	Events calendar	2	2	2	2
			Six guest authors per year.	6	Events calendar	6	6	6	6
			Number of total visits to the Library per year.	404,789	Door counter statistics	390,000	390,000	390,000	390,000

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Inability to meet customer demand and changing expectations.	Introduction of new technologies and improvements in community awareness of what the library provides, for example e-books.
Lack of experienced/specialist personnel.	Upskilling of existing staff.
Technology failure.	Ensure that back up systems are in place and effective.

Asset management

Key assets

The key assets associated with this activity are the:

- Buildings - Book stock/collections
- Plant - Mobile Library

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/ backlog	Eftpos facility on self issue machines	10	-	-	-
Renewal and replacement	Purchase of library books	574	594	613	4,919
	Library building asset replacements	64	376	155	1,065
Total		648	970	768	5,984

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.



District Library - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	3,397	3,352	3,749	3,611	3,853	3,857	3,847	4,099	4,144	4,408	4,327
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	0	0
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	0	0
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	0	0
Internal charges and overheads recovered	59	84	84	84	84	84	84	84	84	84	84
Local authorities fuel tax, fines, infringement fees and other receipts	341	368	379	391	403	416	428	440	454	470	485
Total operating funding (A)	3,797	3,804	4,212	4,086	4,340	4,357	4,359	4,623	4,682	4,962	4,896
Applications of operating funding											
Payments to staff and suppliers	2,282	2,312	2,360	2,406	2,568	2,575	2,637	2,713	2,810	2,935	2,991
Finance costs	248	208	216	225	249	266	281	297	310	321	334
Internal charges and overheads applied	758	745	770	796	819	820	843	860	884	911	940
Other operating funding applications	-	-	-	-	-	-	-	-	-	0	0
Total applications of operating funding (B)	3,288	3,265	3,346	3,427	3,636	3,661	3,761	3,870	4,004	4,167	4,265
Surplus (deficit) of operating funding (A - B)	509	539	866	659	704	696	598	753	678	795	631
Sources of capital funding											
Subsidies and grants for capital expenditure	5	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	9	8	8	9	11	14	17	20	23	26	29
Increase (decrease) in debt	54	10	1	(1)	-	1	-	(1)	-	(1)	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	68	18	9	8	11	15	17	19	23	25	29
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	0	0
- to improve the level of service	54	10	-	-	-	-	-	-	-	0	0
- to replace existing assets	509	638	970	767	839	840	750	913	848	973	819
Increase (decrease) in reserves	14	(91)	(95)	(100)	(124)	(129)	(135)	(141)	(147)	-153	-159
Increase (decrease) in investments											
Total applications of capital funding (D)	577	557	875	667	715	711	615	772	701	820	660
Surplus (deficit) of capital funding (C - D)	(509)	(539)	(866)	(659)	(704)	(696)	(598)	(753)	(678)	(795)	(631)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

This activity covers Civil Defence and Rural Fire.

Civil Defence

The Civil Defence Emergency Management (CDEM) Act 2002 requires Rotorua District Council to be responsible for civil defence emergency management within its boundaries. Rotorua is a member of the Bay of Plenty (BOP) CDEM Group and is involved in strategic and operational planning for the region. A new BOP CDEM Group Plan has been prepared. Extra resourcing has been identified within the CDEM Group, the costs of which are proportioned amongst the local authorities in the Bay of Plenty. As a result there has been an increase of \$28,000 per annum for RDC from 2013 onwards. The plan is consistent with the national framework for CDEM in New Zealand and covers the period 2012-2017.

The Christchurch earthquakes have prompted a number of changes in how CDEM is undertaken at the national and local levels.

The Ministry of Civil Defence Emergency Management now requires local authorities to use EMIS (Emergency Management Information System) during emergencies. This will improve local, regional and national coordination. In addition, many regions are reviewing the resourcing they put to CDEM. RDC is taking a more whole of council approach to CDEM with the various support services being required to support the specific needs of CDEM for our District.

The local Rotorua District Council plan meets the obligations of the CDEM Act and is consistent with the BOP CDEM Group Plan. New Zealand has an integrated approach to CDEM, known as the '4Rs' i.e:

1. **Reduction** - Identifying and analysing long-term risks to human life and property from hazards; taking steps to eliminate these risks if practical, and, if not, reducing the magnitude of their impact and the likelihood of occurrence.
2. **Readiness** - Developing operational systems and capabilities before a civil defence emergency happens; including self-help and response programmes for the general public, and specific programmes for emergency services, lifeline utilities and other agencies.
3. **Response** - Actions taken immediately before, during or directly after a civil defence emergency to save lives and protect property, and to help communities recover.
4. **Recovery** - The coordinated efforts and processes to bring about the immediate, medium-term and long-term holistic regeneration of a community following a civil defence emergency.

Rural Fire

The National Rural Fire Authority established a steering committee of Central North Island rural fire authorities, with representation from forest owners, Department of Conservation and territorial authorities, to develop a proposal for an Enlarged Rural Fire District for the Central North Island. The proposal was designed to:

- Clarify accountabilities and responsibilities for improving the effectiveness and efficiency of rural fire management by reducing duplication and improving the utilisation of existing resources;
- Improve the capability and capacity of the fire authorities by pooling and sharing resources and expertise;
- Increase the safety of the rural communities by providing better leadership and advice to landowners and the public, and creating a greater awareness of fire threats and risks in the region;
- Improve the ability of fire authorities to comply with statutory obligations and meet the performance standards of the New Zealand Fire Service Commission;
- Enhance integration of fire management principles, policies, plans and practices for fire management and administration across different land uses and owners of rural landscape.

A proposal submitted for consultation recommended a hybrid structure. Submissions have been heard by the steering committee. More work is required on the details before a revised proposal referenced back to the New Zealand Fire Service for gazetting.

Why we do it



To support community wellbeing at a local, regional or national level through effective planning, training and education.

Major projects

No major projects are planned for this activity.

Measuring our achievements

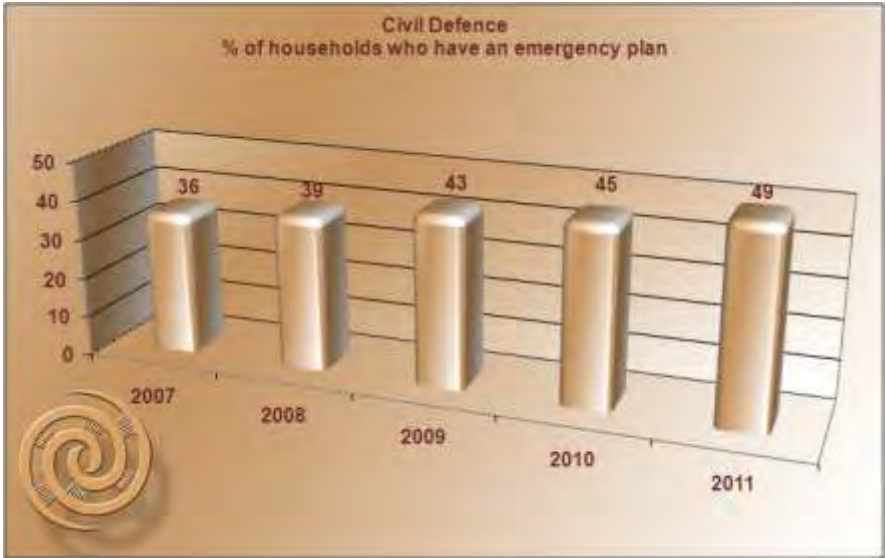
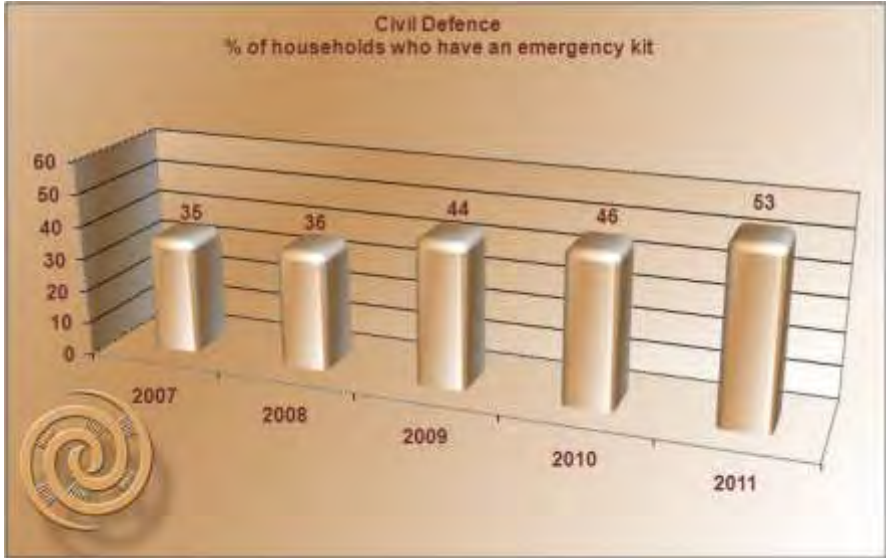
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Emergency Management									
 <p>Safe and Caring</p>	<ul style="list-style-type: none"> CDEM awareness is promoted throughout the community by talks/presentations to schools, community groups and organisations. Effective liaison is maintained with local emergency service personnel, including joint search and rescue activities. CDEM is a member of the RDC Community Safety Forum, Treasure Rotorua Steering Committee, Emergency Services Co-ordinating Committee and Lakes DHB Key Stakeholder Forum. 	<p>Coordinate and manage emergency management in the Rotorua district, working collaboratively with other emergency management agencies. [Reduction, Readiness, Response & Recovery]</p> <p>Improve community and organisational awareness of hazards & raise the capacity of Rotorua district to manage them. [Reduction & Readiness]</p>	1 locally run exercise each year (desk top) and 1 full mobilisation of local EOC.	Not achieved	Exercise log	1 local exercise 1 full mobilisation	1 local exercise 1 full mobilisation	1 local exercise 1 full mobilisation	1 local exercise 1 full mobilisation
			100% availability of Emergency Management Co-ordinator or acting EMC.	100%	Duty roster	100%	100%	100%	100%
			100% of personnel are trained to the level appropriate for their CD role..	Not achieved.	Training database	100%	100%	100%	100%
			90% of attendees at education programmes very/fairly satisfied with mode of delivery.	New measure	Customer survey	90%	90%	90%	90%
			50% of residential homes with plans and kits.	New measure	Customer satisfaction survey	50%	50%	50%	50%
Rural Fire									
 <p>Safe and Caring</p>	<ul style="list-style-type: none"> By providing bylaws that protect people, property and the environment from fire. By providing education around lighting fires in rural areas. By communicating with the community on reporting of fires and the control of fire. 	<p>Protection of people, property and the environment from the hazards of fire by prevention, suppression and control in rural areas.</p>	All rural fire forces trained and equipped.	Achieved	Training database	Achieved	Achieved	Achieved	Achieved
			Database of current fire permits kept up to date.	Achieved	Rural fire permit database	Achieved	Achieved	Achieved	Achieved
			Fire plan updated and certified by 1 October annually.	Achieved	Certified fire plan	Achieved	Achieved	Achieved	Achieved

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Potential for a reduction in levels of self reliance if it is viewed as purely a local or central government responsibility.	Improve public awareness of personal responsibility for emergency procedures including ability to access information via the internet and dedicated web-site.

Asset management

Key assets

The key assets associated with this activity are the:

- Sign-painted civil defence truck
- Trailers
- Rescue equipment
- Communication equipment
- Rural fire trucks
- Rural fire stations
- EOC computer hardware
- Computer software, eg: Readynet

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Handheld radio set	-	4	-	-
Renewal and replacement	Radio equipment, photocopier and electronic white board	9	4	4	18
	Replacement of pumps and hoses	26	28	31	410
Total		35	36	35	428

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.



Emergency Management - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	634	702	723	750	773	788	815	825	846	874	1,069
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	6	8	8	8	8	9	9	9	9	10	10
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	640	710	731	758	781	797	824	834	855	884	1,079
Applications of operating funding											
Payments to staff and suppliers	288	349	359	370	382	395	406	417	430	444	460
Finance costs	6	3	3	3	3	3	3	3	4	4	4
Internal charges and overheads applied	254	323	337	350	360	361	369	378	388	400	411
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	548	675	699	723	745	759	778	798	822	848	875
Surplus (deficit) of operating funding (A - B)	92	35	32	35	36	38	46	36	33	36	204
Sources of capital funding											
Subsidies and grants for capital expenditure	60	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	4	-	-	-	-	-	-	(1)	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	60	-	4	-	-	-	-	-	-	(1)	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	4	-	-	-	-	-	-	-	-
- to replace existing assets	152	35	32	35	36	38	46	36	33	35	204
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	152	35	36	35	36	38	46	36	33	35	204
Surplus (deficit) of capital funding (C - D)	(92)	(35)	(32)	(35)	(36)	(38)	(46)	(36)	(33)	(36)	(204)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

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. The focus areas include:

- Chief Executive Group
- Corporate Planning and Support
- Corporate Property
- Customer Centre
- Democracy
- Financial Services
- Human Resources
- Information Services
- Kaupapa Maori
- Land Information Services
- Procurement and Sustainability
- Records

The role of this activity is to:

- Provide leadership for Council and the community.
- Provide technical and administrative advice and support to elected members representing the Rotorua district.
- Provide opportunities for public participation and involvement in decision-making and determining priorities and projects to meet community needs and aspirations.
- Ensure our internal systems and processes are up-to-date and capable of supporting and enabling the organisation to perform its key tasks effectively and efficiently.
- Manage three-yearly council elections.
- Provide advice and assistance in the development of council policies which affect

Maori and promote awareness and understanding of Maori culture and protocols.

- Facilitate communication with Maori on issues and decisions that directly or indirectly affect them.
- Manage Council's relationship with Te Arawa and tangata whenua and advise the council on protocol and Tikanga Maori.
- Provide excellence in first contact customer service focused on getting it right first time, listen, respond promptly and take responsibility.
- Provide easy access to council and district information via the internet by increasing online services including online transactions, web and social media.
- Provide an overarching framework to consider sustainability across all of the council's functions by ensuring the prudent use and management of all resources balanced with the consideration and integration of environmental, social, cultural and economic wellbeing.
- Deliver value for money in relation to the purchasing function in an open and transparent manner, managing risk and with adequate probity.

Why we do it

To provide the organisation and community with inspiring, competent leadership and direction; to ensure public awareness of and engagement in the council's decision making processes; and to provide high quality governance, technical and administrative advice and support to elected members and staff.

Governance and Strategic Direction


Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works, or to provide for additional growth or demands. These projects include:


What is planned?	Why?	Background	Costs	Other options considered
Local government elections	This is a requirement of legislation.	Every three years Council must hold a local body election so that the community can elect a mayor and councillors to represent the community's needs and wants.	October 2013 and October 2016 \$180,000	<ul style="list-style-type: none"> No other options applicable
Increased options in on-line services	To provide better access to council services i.e. website, online transaction (dog registration, rates payments, LIM payments etc).	Council is developing a number of on-line services in partnership with Hamilton City Council. This work, undertaken in conjunction with Lean Thinking, is intended to improve services and save costs.	2013 and 2014 \$800,000	<ul style="list-style-type: none"> Take no action. Undertake development alone (higher cost). Continue with partnerships developed.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Governance and Strategic Direction									
 Visionary Community Leadership	<ul style="list-style-type: none"> By informing the community via Annual Plan, Long-term Plan, District News etc on developments and ideas that may lead to the district's future. By going out to community groups, ratepayer associations etc to inform and engage with the community on topical issues. 	Provide sound analysis and advice to better engage with communities on Council decisions related to the strategic direction of Rotorua.	70% of residents are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	70%	Customer satisfaction survey	70%	70%	70%	70%
			60% of residents strongly approve/approve of the decisions and or actions Council makes.	54%	Customer satisfaction survey	60%	60%	60%	60%
			55% of residents are very/fairly satisfied with the quality of information Council provides.	54%	Customer satisfaction survey	55%	55%	55%	55%

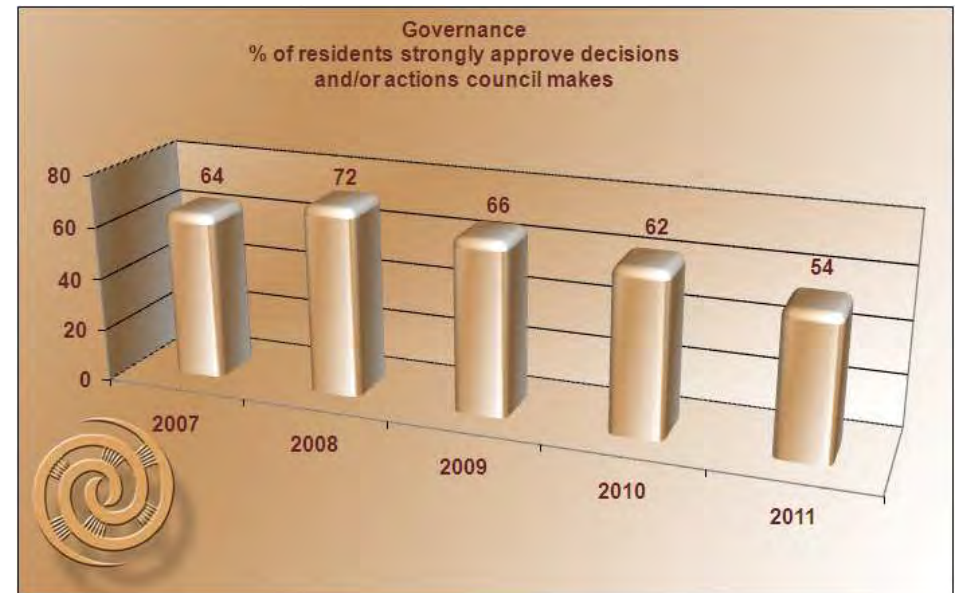
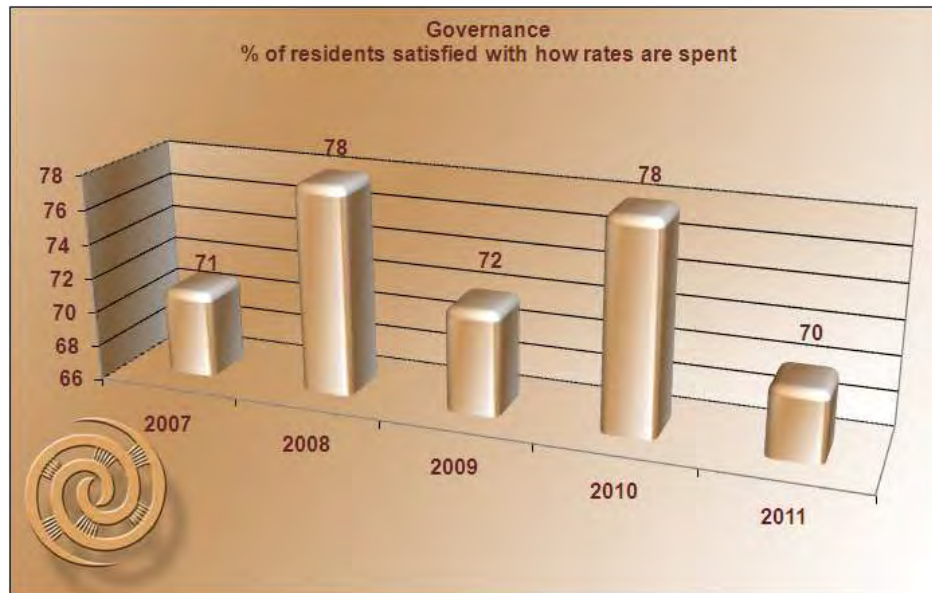
Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Kaupapa Maori									
 Living Maori Culture	<ul style="list-style-type: none"> By making decisions that respond to or plan for current and future community needs. By increasing the organisation's capacity to consult, inform and respond to concerns raised by Maori. By undertaking the role of caretaker for many of the district's resources, for today's and future generations. 	Encourage the preservation and sustainable development of Maori resources.	Two Mana Whenua plans funded each year.	1	Annual report on funding awarded	2	2	2	2
		Foster partnerships between Council and Maori on matters of mutual interest.	Six protocol meetings each year between Maori and Council to discuss matters of mutual interest.	New measure	Register of protocol meetings held	6	6	6	6

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Interest groups may dominate the decision-making process.	Wider consultation with under-represented groups, including going to source and targeted surveys.
Poor voter turnout for council elections.	Comprehensive multi-channelled promotion of the electoral process.
Insufficient candidates seeking election.	Candidate information briefings and material.

Asset management

Key assets

The key assets associated with this activity are the:

- Civic Centre
- Specialised information technology assets

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/ backlog	Information Technology - Report, project and web development	600	672	213	1,714
	Information Technology – New computer hardware	115	119	123	986
	Information Technology – New computer software	20	-	-	-
	Information Services – Image editing software	20	21	21	171
	Information Services – Imaging of property	-	-	21	-
Renewal and replacements	Property – Vaughan Road Depot – plant and building renewal	144	34	2	624
	Property – Civic Centre – mechanical plant, floor coverings, lighting, boilers, cooling towers	50	90	17	1,218
	Information Services – printer and audio visual replacement	341	399	661	3,798
	Information Services – website, financial system replacement	230	264	213	2,012
	Information Services – orthophotography	85	88	91	729
	Customer Centre – cash receipting, scanner	-	-	-	43
Total		1,605	1,687	1,362	11,295

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Governance & Strategic Direction - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	2,827	2,852	2,908	2,892	3,027	3,475	3,661	3,835	3,711	4,141	4,052
Targeted rates (other than a targeted rate for water supply)	50	52	53	55	57	59	61	63	65	68	70
Subsidies and grants for operating purposes	100	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	101	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	12,458	2,891	2,919	2,942	2,972	3,003	3,032	3,061	3,095	3,131	3,169
Local authorities fuel tax, fines, infringement fees and other receipts	811	686	753	689	752	822	759	822	893	837	906
Total operating funding (A)	16,347	6,481	6,633	6,578	6,808	7,359	7,513	7,781	7,764	8,177	8,197
Applications of operating funding											
Payments to staff and suppliers	12,791	4,092	4,250	4,244	4,436	4,648	4,649	4,844	5,067	5,107	5,337
Finance costs	473	214	220	228	219	241	254	271	278	281	286
Internal charges and overheads applied	1,901	1,980	2,039	2,087	2,134	2,161	2,205	2,251	2,304	2,362	2,422
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	15,165	6,286	6,509	6,559	6,789	7,050	7,108	7,366	7,649	7,750	8,045
Surplus (deficit) of operating funding (A - B)	1,182	195	124	19	19	309	405	415	115	427	152
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,026	(1)	-	-	1	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,026	(1)	-	-	1	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	11	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,015	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	1,182	194	124	19	20	309	405	415	115	427	152
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	2,208	194	124	19	20	309	405	415	115	427	152
Surplus (deficit) of capital funding (C - D)	(1,182)	(195)	(124)	(19)	(19)	(309)	(405)	(415)	(115)	(427)	(152)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

ECONOMIC & REGULATORY SERVICES GROUP

Overview of Group

The Economic & Regulatory Services Group underpins Council's refreshed focus on a 'whole of council' approach to sustainable economic growth. Combining the economic development and regulatory functions into one group is designed to ensure that Rotorua District Council is in the best position possible to fulfil its critical role as one of the major influencers of Rotorua's sustainable economic growth environment.

Significant emphasis is being placed on Rotorua District Council contributing to the roles identified in the Rotorua Sustainable Economic Growth Strategy.

At a high level, Rotorua District Council's role is focussed in four main areas:

1. Setting a clear sustainable economic growth strategic direction;
2. Creating an enabling regulatory policy environment that takes a sustainable approach to the management of the district's physical and natural environment while supporting the strategic direction;
3. Investing in Infrastructure and services that support the development of the strategic direction;
4. Backing this approach with a customer friendly, can-do approach to delivery of services related to the strategic direction.

In summary, the Economic & Regulatory Services Group will contribute to Rotorua District Council's

role by focussing on the following key areas over the life of this plan.

- Alignment of regulatory and land-use planning policy with the sustainable growth strategy of the district.
- Creation of an enabling regulatory function with a focus on an effective, efficient and customer-friendly can-do approach to doing business.
- Promotion of the destination as a great place to visit, live, work, invest and do business.
- Committing resources to sustainable economic growth initiatives in areas where Rotorua has a sustainable competitive advantage and where Rotorua District Council can genuinely influence outcomes in a manner that will complement and/or stimulate private sector investment opportunities.
- A set of integrated CBD focussed actions and investments designed to contribute to the vision of "creating a public space where residents and visitors can enjoy recreation, outdoor dining, retailing and entertainment activities within a safe and attractive setting."
- Provision of high quality conference and event facilities and management services for the Rotorua community which support endeavours to attract large, high-yield local, regional, national and international events and conferences.
- Provision of a world class museum experience.
- Reducing the net cost to the ratepayer of those functions that can operate on a more commercially sustainable basis.

- Leading in aligning local sustainable economic growth plans and initiatives with key players at the regional and national level.
- Supporting the efforts of external sector focussed entities charged with assisting in the creation of a sustainable economic growth environment including the Rotorua Tourism Committee and the economic development council controlled organisation (CCO.)

This group is made up of the following activities of Council:

- Building Services
- Economic Development (economic projects, city services, destination marketing, travel office)
- Planning Services
- Regulatory Services; (parking enforcement, health inspection including noise, liquor licensing and animal control)
- Events & Venues
- Rotorua Museum - Te Whare Taonga o Te Arawa



What we do

This activity administers the Building Act and Fencing of Swimming Pools Act. The activity includes:

- Processing Project Information Memoranda (PIMs).
- Processing building consent applications, assessing against the Building Code.
- Inspecting building work in conjunction with building consents.
- Issuing Code Compliance Certificates for buildings constructed in accordance with the consent.
- Auditing buildings that have a Building Warrant of Fitness (BWOF).
- Dealing with complaints and breaches of the Building Act.
- Issuing compliance schedules and compliance schedule statements.
- Issuing notices to fix.
- Issuing infringement notices.


Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Earthquake prone building assessment within Rotorua district	The assessment of earthquake prone buildings is in recognition of the risk posed by buildings to occupants and other property in the event of an earthquake.	The Building Act 2004 made it mandatory for territorial authorities to adopt an earthquake prone building policy that sets out a process to mitigate the risk posed to the community by earthquake prone buildings.	The project is to be let by tender and an estimated budget of \$91,000 has been allowed in the 2012-2013 financial year.	NA

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 <p>Safe and Caring</p>	<ul style="list-style-type: none"> By undertaking routine inspections to ensure the construction of buildings is meeting all aspects of the building code. By staying up-to-date of changing legislation and best practise within the building industry. Able to respond and adapt quickly to changes in building code legislation and best practice. 	Buildings are constructed and maintained so people can use them safely.	Percentage of PIMs, building consents processed within statutory timeframe of 19 working days.	New measure 98% on or before day 19	PIMs register	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19	40% on or before day 10 60% on or before day 15 100% on or before day 19
			Inspections undertaken. within: 60% within 24 hours 80% within 48 hours 100% within 72 hours	99%	Request for service tracking	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours	60% within 24 hours 80% within 48 hours 100% within 72 hours
			Full accreditation without limitations under the Building Act 2004 is maintained.	Achieved	Accreditation process	Achieved	Achieved	Achieved	Achieved
			25% of all premises in Rotorua district audited annually for compliance with building warrant of fitness.	Achieved	Ozone WOF inspection database	Achieved	Achieved	Achieved	Achieved
			Percentage of industry/ customers who are very/fairly satisfied with building consent process.	New measure	Customer survey	5% increase on previous year used as baseline	5% increase on previous year used as baseline	5% increase on previous year used as baseline	5% increase on previous year used as baseline
			Dangerous and insanitary buildings are dealt with to maintain public safety.	100%	Complaints database	100%	100%	100%	100%

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

In the 2011/12 year Council sought feedback from users of Buildings Services around the perception and delivery of this activity. This feedback will be used to monitor this activity's performance.

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Increased costs to Council due to buildings requiring assessment/remedial work resulting from potential changes to building code – Earthquake Prone Buildings.	The costs of the initial earthquake assessment of buildings is factored into the 2012-2013 budgets.
Increased costs to building owners due to buildings requiring assessment/remedial work resulting from potential changes to building code – Earthquake Prone Buildings.	Owners and council negotiate an agreed outcome under the current earthquake prone building policy to reduce risk and ultimately comply with the policy in full.

Asset management

There are no significant land or building assets in the building services area.

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Building Services - Funding Impact Statement

	Annual Plan Budget 2011/12 (\$000)	Long-term Plan Budget >>									
		2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	212	297	113	106	83	78	42	67	34	59	25
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	1,884	1,693	1,859	1,960	2,023	2,088	2,147	2,209	2,279	2,355	2,433
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	7	7	7	8	8	8	8	8	9	9	9
Total operating funding (A)	2,102	1,997	1,979	2,074	2,114	2,174	2,197	2,284	2,322	2,423	2,467
Applications of operating funding											
Payments to staff and suppliers	1,237	1,270	1,213	1,280	1,290	1,362	1,371	1,440	1,456	1,534	1,556
Finance costs	1	1	1	1	1	1	1	1	1	1	1
Internal charges and overheads applied	865	726	765	793	822	811	826	843	865	888	911
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,102	1,997	1,979	2,074	2,113	2,174	2,198	2,284	2,322	2,423	2,468
Surplus (deficit) of operating funding (A - B)	-	-	-	-	1	-	(1)	-	-	-	(1)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	(1)	-	1	-	-	-	1
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	(1)	-	1	-	-	-	1
Applications of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding (C - D)	-	-	-	-	(1)	-	1	-	-	-	1
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

Driven by the objectives of the Rotorua Sustainable Economic Growth Strategy the activity seeks to contribute to the realisation of the District vision: 'Rotorua: Living the Dream - World Class in Every Way'.

Through various activities the following key economic objectives apply for Rotorua over the next five years:

- Promotion of the destination as a great place to visit, live, work, invest and do business.
- Committing resources to sustainable economic growth initiatives in areas where Rotorua has a sustainable competitive advantage and where Rotorua District Council can genuinely influence outcomes in a manner that will complement and/or stimulate private sector investment opportunities.
- A set of integrated CBD focussed actions and investments designed to contribute to the vision of "creating a public space where residents and visitors can enjoy recreation, outdoor dining, retailing and entertainment activities within a safe and attractive setting."
- Reducing the net cost to the ratepayer of those functions that can operate on a more commercially sustainable basis.
- Leading in aligning local sustainable economic growth plans and initiatives with key players at the regional and national level.

In order to achieve these objectives council has focused activity in:

Council Controlled Organisation

In September 2011, Council adopted the Rotorua Sustainable Economic Growth Strategy (RSEGS) and in November 2011, Council agreed to consider the establishment of a Council Controlled Organisation (CCO) as the preferred structure to drive implementation of the growth strategy. The CCO has now been adopted by council and \$850,000 included in the Economic Projects budget in the first year to fund establishment and operation of this entity.

Economic Projects

Tasked with working alongside the CCO and other council departments, the Economic Projects department is responsible to delivering key elements within the newly adopted Sustainable Economic Growth Strategy. These are:

- Focusing on the CBD with implementation of the Urban Design Framework – Walkable City, incentive scheme, transport centre, Eat Street, Lakefront development, CDB investment pitch.
- Marketing of the destination as a place to live, work and invest, leveraging off the work of Destination Rotorua Marketing.
- Partnering with SCION and Bay of Connections to implement Forest & Wood processing strategy actions.
- Participating in identification of land use change/management initiatives with Bay of Plenty Regional Council including the development of a Rotorua spatial plan to inform future investment decisions.
- Overseeing implementation of the Rotorua component of the National Cycleway.

- Working across council departments to assist in making the regulatory interface with RDC (across all regulatory areas) run more smoothly for investment opportunities.
- Focusing on working with neighbouring councils and economic development organisations of the upper North Island.
- Working to bring a more sustainable economic development/growth focus to RDC.

City Services

Managed from City Focus in the CBD to provide hands-on liaison with shoppers, retailers, residents and visitors. The service includes, the CBD, City Focus, public places, street appeals, servicing public conveniences, parking management, Lakefront, Government Gardens, street cleaning and maintenance of a crime prevention camera network.

Sister Cities

The strategic purpose for sister cities has been strengthened meaning that the programme will establish relationships with international cities, with a focus on economic development, growth, trade and potential new business opportunities. Council maintains formal Sister City relationships with Wuzhong (China), Beppu (Japan), Lake MacQuarrie (Australia) and Klamath Falls (USA).

Destination Rotorua Marketing

The goals of this service are driven by opportunities identified for growth, key areas of focus based on changing tourism trends, strengthening the local market and brand positioning. The key goals are to:

1. Aggressively target and grow the Asian visitor market – specifically China.
2. Grow and increase Rotorua's share of the Australian visitor market – especially off-peak.
3. Increase average room nights and spend, to be equal to the national average, for both international and domestic visitors to Rotorua.
4. Increase the Auckland visitor market by 5% to 50,000 visitor nights.
5. Work in partnership with wider-Rotorua regional operators and Tourism New Zealand.
6. Take a leadership position in online marketing and travel search.
7. Increase ease of access to Rotorua as a visitor destination by helping Rotorua International Airport gain additional services.

Travel and Information Office

Domestic travel bookings

Offers a comprehensive domestic travel reservation service for Rotorua and New Zealand products to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales. It is also contracted to the Rotorua Education Network to provide quoting and booking services for school groups visiting Rotorua.

A key focus of the Travel and Information Office is to reduce funding required from rates. Within the first three years of this plan it is forecast that approximately 25%-30% less rates funding will be required.

Information (i-SITE)

A full information service is provided for Rotorua and the rest of New Zealand through counter enquiries, email requests and phone calls.

'The Organiser'

A one-stop-shop for groups (international and domestic), corporates, associations and conference organising. The conference and event services provided are full registration, budget and accounting, development of programmes, venue management, speaker liaison, sponsorship and exhibition along with promotion of an event. Group services provided include quotes, itinerary planning (Rotorua tours or NZ-wide tours) and New Zealand-wide attraction, accommodation and travel arrangements.

Why we do it

To co-ordinate and influence the building of a sustainable competitive advantage for the district, assisting the local economy to grow faster than it otherwise would through targeted areas of activity.

DID YOU KNOW....

The Sustainable Economic Growth Strategy lists the following as priority growth areas:

- Forestry and Wood Processing
- Tourism
- Geothermal
- Agriculture
- Research and Development
- Lakes environments
- Education
- Regional City scale
- Location - centrality



Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Urban Design Framework (Implementation)	The implementation programme provides an overarching process for implementing priority strategies contained in the Urban Design Framework (UDF) that can be achieved in a 12-24 month period. It picks up on 8 initial key strategies to effect change within the CBD area. (Lakefront, Victoria St (Rotorua Central), Government Gardens and Kuirau Park) The objective of this programme is, through an integrated set of actions, to stimulate investment in the Rotorua CBD & Lakefront, which will contribute to the vision of "creating a public space where residents and visitors can enjoy recreation, outdoor dining, retailing and entertainment activities within a safe and attractive environment."	Projects have been developed from a number of strategy documents including the CBD Revitalisation Strategy Vision document by Opus (publically consulted on in 2006/07) and subsequently the Urban Design Framework (publically consulted on in 2010/11). Other relevant strategies, policies or documents include the proposed District Plan, Art in Public Places, and Transport Demand Management.	N/A	N/A
Tutanekai Street Spine	To strengthen the Tutanekai Street spine of the city and its links between the Central Mall and the Lakefront precinct; Government Gardens and Kuirau Park.	Urban Design Framework sets the high level objectives and design guides for the strengthening of Tutanekai Street as a major spine and connector between Rotorua Central and the Lakefront. Phase 1 will include priority street information trail, integrating advanced digital technology / WiFi – i.e. Phone reader technology.	2012/13 \$400,000 2013/14 \$413,840	Do not proceed with project.


Major projects cont.

What is planned?	Why?	Background	Costs	Other options considered
Live, Work and Invest Rotorua	To assist in bringing focus to the number one priority of the Rotorua Sustainable Economic Growth Strategy. That objective is to lift the reputation of Rotorua as a leader in the tourism, geothermal, forestry and wood processing industries, and be recognised as a preferred lifestyle destination, as an attractive and easy place to invest and do business in, and as a district with an enabling regulatory environment. The project will work closely alongside Destination Rotorua Marketing, leveraging off the external marketing message	The Rotorua Perception Survey forms the basis for the work that needs to be addressed within this project.	2012/13 onwards	Do not proceed.
Council controlled organisation creation	In November 2011, Council agreed to consider the establishment of a council controlled organisation (CCO) as the preferred structure to drive the implementation of the growth strategy, and in early 2012 adopted the CCO concept for this purpose.	The creation of the council controlled organisation is the result of an extensive Sustainable Economic Growth Strategy process led by the council, in partnership with the Rotorua business community.	\$850,000	N/A




Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:





Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Economic Projects									
 <p>Prosperous Economy</p>	<ul style="list-style-type: none"> By promoting our district's unique qualities to encourage more people to live, work and invest By ensuring Rotorua is renowned for tourism 	Market Rotorua nationally and internationally as a great place to live, work, invest and do business.	100% of Annual Marketing Plan implemented.	New measure	Annual work programme	100%	100%	100%	100%
			Number of new Rotorua specific business enquiries generated pa.	New measure	Requests for service database	50	75	100	125
			Percentage of respondents that list Rotorua as a preferred lifestyle destination to live, work and invest.	New measure	Rotorua perceptions survey	60%	75%	80%	80%
			Business sector satisfaction rating with live, work and invest promotion.	New measure	Business satisfaction survey	60%	75%	80%	85%
		Provide mechanisms to enhance revitalisation of CBD through the Urban Design Framework/ Sustainable Economic Development strategy.	New measure	Foot traffic counts	5%	5%	5%	2%	

Measuring our achievements cont.




Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Destination Rotorua Marketing									
 <p>Prosperous Economy</p>	<ul style="list-style-type: none"> By promoting our district's unique qualities to encourage more people to live, work and invest. By ensuring Rotorua is renowned for tourism. 	Promote Rotorua as an exciting, vibrant, high quality destination and encourage more people to visit, to do more and to spend more.	Number of visitor arrivals to Rotorua (i.e. sum of overnight and day visitors).	2.944m as at 31.12.10	Regional tourism data	3.007m	3.068m	3.130m	3.707m
			Number of visitor nights spent in Rotorua.	3.354m as at 31.12.10	Regional tourism data	3.485m	3.595m	3.704m	4.725m
			Average daily expenditure per domestic visitor.	\$78 as at 31.12.10	Regional tourism data	\$80	\$81	\$82	\$87
			Average daily expenditure per international visitor.	\$151 as at 31.12.10	Regional tourism data	\$154	\$155	\$157	\$168
			Total visitor expenditure in Rotorua.	\$491m as at 31.12.10	Regional tourism data	\$518m	\$538m	\$558m	\$740m
		Focus marketing efforts into: - the existing large markets of Auckland and Australia; and - the fast growing key Asian markets	Rotorua's market share of Auckland visitor nights spent in NZ regions, expressed as a percentage.	5.8% as at 31.12.10	Regional tourism data	6.5%	6.8%	7.1%	9.9%
			Rotorua's market share of Australian visitor arrivals to NZ.	19.4% as at 31.12.10	Regional tourism data and NZ international visitor arrivals	19.6%	19.7%	19.8%	20.6%
			Number of arrivals to Rotorua from key Asian markets (i.e. sum of day and overnight arrivals from China, Japan and Korea).	155,300 as at 31.12.10	Regional tourism data with NZ international visitor arrivals	171,400	192,600	215,100	492,400
		Engage with the Rotorua tourism industry in delivering the destination marketing plan.	65% average satisfaction rating within industry members around Destination Rotorua Marketing's industry communications and joint venture.	New measure	Industry monitor	65%	65%	65%	65%

“Domestically promoting Rotorua as the ‘leisure and lifestyle’ capital of New Zealand”

Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Prosperous Economy	<ul style="list-style-type: none"> By promoting our district's unique qualities to encourage more people to live, work and invest By ensuring Rotorua is renowned for tourism 	Encourage the Rotorua tourism industry to deliver on the promise of 'manaakitanga' (provision of exceptional hospitality) to the visitor experience.	80% average rating of satisfaction surrounding the Rotorua visitor experience.	83% as at 30.06.11	Visitor satisfaction survey	80%	80%	80%	80%
		Encourage the uptake of sustainability within the tourism industry.	80% of businesses advertising in primary marketing collateral are associated with the Rotorua Sustainable Tourism Charter, Qualmark and/or other tourism industry quality standard.	80% as at 30.06.11	Audit of advertisers in the primary market collateral	80%	80%	80%	80%
City Services									
 Safe and Caring	<ul style="list-style-type: none"> By providing safe public places, buildings and streets. By providing and managing a crime prevention camera network. By ensuring a very high standard of cleaning and maintenance in the areas administered. 	Provide and maintain services and a presence that adds to a feeling of safety and respect within the CBD.	90% of respondents feel very safe/safe in the CBD during the day.	85.8%	Perceptions of safety survey	90%	90%	90%	90%
			35% of respondents feel very safe/safe in the CBD during night time.	31.9%	Perceptions of safety survey	35%	35%	35%	35%
 Environment	<ul style="list-style-type: none"> By removing tagging by 7.30 am daily. By ensuring the central city area is always clean and tidy. 	Provide and maintain services and a presence that adds to a feeling of safety and respect within the CBD.	95% of residents very/fairly satisfied with appearance and cleanliness of CBD.	97%	Customer satisfaction survey	95%	95%	95%	95%
 Excellent Facilities and Services	<ul style="list-style-type: none"> By ensuring ease of getting from place to place. By providing good quality infrastructure for now and the future. By maintaining public conveniences to a very high standard of upkeep and cleanliness. 	Car parking availability in CBD is managed to the satisfaction of users.	65% of residents are very/fairly satisfied with parking in the CBD.	65%	Customer satisfaction survey	65%	65%	65%	65%
		Provision of public toilets in the CBD meets the expectation of users.	70% of residents are very/fairly satisfied with public toilets.	62%	Customer satisfaction survey	70%	70%	70%	70%

Measuring our achievements cont.

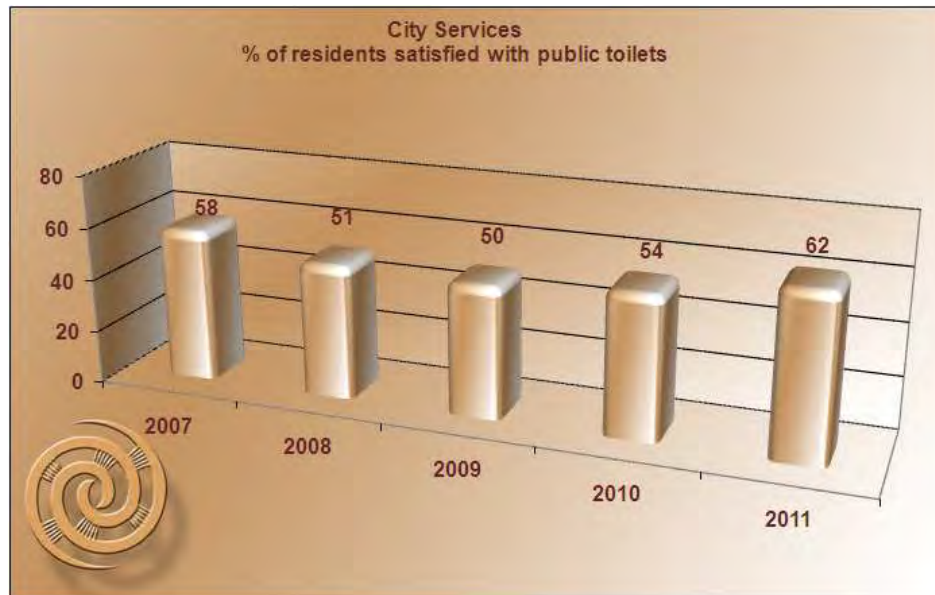
Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
City Services									
 Thriving	<ul style="list-style-type: none"> By providing well managed and organised events. By ensuring activity in the City Focus and central business district is encouraged, adds flavour, and enhances Rotorua's character and reputation. 	Facilitating events at the city centre which contribute to the vibrancy of the city.	Minimum of 300 events held in the city centre annually.	308	Calendar of events	300	300	300	300
			85,000 visitors through the City Focus Information centre annually.	89,373	Door counter figures	85,000	85,000	85,000	85,000
Travel & Information Office									
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing a 364 day service. By providing a safe, well maintained building. By providing well trained, informative staff at first point of contact. 	Provide an accessible, informative and friendly point of contact to visitors to Rotorua.	80% of customers satisfied or very satisfied as per annual customer survey.	99%	In-house customer satisfaction survey	80%	85%	85%	85%
 Prosperous Economy	<ul style="list-style-type: none"> By providing great range of services from booking office to free information covering all tourism/tourist related information. By promoting and enhancing Rotorua's attractions. By encouraging visitors to stay longer through promotion of attractions and venues. 	Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitor spend.	Amount of commissions revenue generated by Travel Office.	\$1.5m	RDC financial reporting	\$1.6m	\$1.6m	\$1.8m	\$2.0m
			Percentage sales directly contributing to the Rotorua economy.	85.15%	Annual economic impact study	75%	80%	85%	85%

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Presently council does not have any comparable data to track and /or access the satisfaction and perception of economic development initiatives lead by the Economic Projects team. New measures and targets have been established for the Long-term Plan that will begin to measure the satisfaction and perceptions of economic projects.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Ongoing wave of global and or national economic downturn	Focus on productivity improvement in business, workforce up-skill and skill gap fulfilment
Marketing campaigns do not engage intended markets	Keep abreast of changes, demands, impacts in order that marketing plans are focused on the most appropriate places and that Council continues to be adaptable to change.
Expenditure towards the development of a council controlled organisation is seen by ratepayers to be better invested elsewhere	Good communication plan around the intent and objectives for creation of a council controlled organisation to deliver economic development.

Issues/Risks/Negative impacts cont.

Issue/Risk/Negative impact	Action Plan
Growth in Rotorua district far exceeds assumptions for increased growth putting pressure on infrastructure requirements	Growth assumptions updated and checked annually against actual growth figures. Infrastructure projects brought forward to provide necessary infrastructure and services
Growth in Rotorua fails to meet current growth assumptions – growth declines	Review the growth assumptions and investigate what might be the road blocks to people investing in Rotorua or why investment is redirected from Rotorua. Revamp of economic strategy – its goals and objectives.
Increased visitor numbers resulting from tourism can cause traffic congestion, especially in peak visitor periods	Good communication and education around parking options and other modes of transport in and around the CBD.

Asset management

Key assets

The key assets associated with this activity are the:

- City Focus Building
- Parking Building
- Tourism Building
- Haupapa Street carpark

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Barrier control at carpark building	200	-	-	-
	Traits software	-	-	53	-
	Urban design at Eat Street	400	414	-	-
Renewal and replacement	Re-roofing and toilet replacement	-	-	-	213
	Information Centre building renewals	38	15	-	184
	Parking meter and CCTV replacement	62	33	34	374
Total		700	462	87	771

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Economic Development - Funding Impact Statement

	Annual Plan	Long-term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	2,062	2,560	1,936	1,896	2,015	1,994	2,161	2,172	2,166	2,299	2,313
Targeted rates (other than a targeted rate for water supply)	3,739	4,852	3,899	3,985	4,095	4,213	4,318	4,435	4,562	4,715	4,848
Subsidies and grants for operating purposes	777	300	309	319	329	340	349	359	371	383	396
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	45	7	7	7	7	7	7	7	7	7	7
Local authorities fuel tax, fines, infringement fees and other receipts	4,083	3,589	3,814	4,042	4,241	4,378	4,501	4,628	4,774	4,933	5,095
Total operating funding (A)	10,706	11,308	9,965	10,249	10,687	10,932	11,336	11,601	11,880	12,337	12,659
Applications of operating funding											
Payments to staff and suppliers	9,103	9,667	8,328	8,582	8,853	9,153	9,400	9,669	9,976	10,311	10,652
Finance costs	159	140	144	149	149	158	164	172	177	181	186
Internal charges and overheads applied	1,320	1,400	1,445	1,484	1,531	1,551	1,590	1,625	1,671	1,720	1,771
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	10,582	11,207	9,917	10,215	10,533	10,862	11,154	11,466	11,824	12,212	12,609
Surplus (deficit) of operating funding (A - B)	125	101	48	34	154	70	182	135	56	125	50
Sources of capital funding											
Subsidies and grants for capital expenditure	11	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,829	599	414	53	-	(1)	-	-	1	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,840	599	414	53	-	(1)	-	-	1	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	1,800	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	40	600	414	53	-	-	-	-	-	-	-
- to replace existing assets	125	100	48	34	154	69	182	135	57	125	50
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,965	700	462	87	154	69	182	135	57	125	50
Surplus (deficit) of capital funding (C - D)	(125)	(101)	(48)	(34)	(154)	(70)	(182)	(135)	(56)	(125)	(50)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



EVENTS AND VENUES

What we do

Continued focus on high quality conference and events facilities

In recent times Rotorua has had an encouraging level of forward bookings, especially in the lucrative Conference & Incentive market due to sustained growth in business levels and market share. The challenge is to continue to increase market share to offset the impact of the economic downturn and pricing pressures bought about by competition, to ensure retention of income levels and drive the economic impact of conferences and events for the Rotorua economy.

An updated new strategy on major events attraction is being finalised and will concentrate on securing regular events with a logical linkage to Rotorua as a destination and to assist in their ongoing retention. Emphasis will also be placed on growing existing events and maximising length of stay and spending levels from participants and families.

This activity covers the operation of:

- Energy Events Centre (including the Sportsdrome)
- Rotorua Convention Centre (including the Civic Theatre and ticketing agency)
- Te Runanga Tea House
- The Soundshell
- Rotorua International Stadium (including Number 2 field).
- Equipment Shed – access to sporting, event management and facilitation equipment

The role of this activity is to:

- Provide quality event facilities for the Rotorua community which support endeavours to attract large, high-yield local, regional, national and international events.
- Provide for the identification and attraction of large major events to Rotorua and their subsequent growth.
- Provide assistance to event promoters and organisers in dealing with the array of people, processes and legislation involved in organising a major event.
- Support local event organisers through provision of the equipment shed and recreation programmes
- Assist in the marketing of function space at the Rotorua Museum
- Manage on behalf of the Parks and Recreation department management of the booking system for non-sports code bookings on Council's parks and reserves.

The range of uses within the venues includes:

- Local amateur performance
- Sport and recreation
- Conference and incentive activities
- Social functions
- Touring and local professional performing groups
- Cultural activity performances
- Manage a ticketing agency (currently Ticketmaster) to service client/venue needs.

In the short to medium future, Events and Venues will be competing in a much more challenging marketplace but successes in recent years have provided a strong base for business retention and growth. In the longer term, business growth will be influenced by the economic health of the Australasian economies in particular.

Why we do it



- To provide conference entertainment and sporting venues to meet the needs of local residents and visitors.
- To attract events that offer economic benefit and contribute to Rotorua's reputation as an attractive place to live and visit.

Major projects

Events and Venues manage three premier facilities, Energy Events Centre, Convention Centre and the International Stadium. Funded by large contributions from ratepayers, Rotorua Trust, major funding agencies, partners and philanthropic supporters, major investment in developing the Energy Events Centre (2007) and Civic Theatre within the Convention Centre (2010) have provided Rotorua with superior venues for attracting a vast array of performances, conferences and events. Over the period of the Long-term Plan the venues will be maintained to ensure standards and services offered continue to meet the needs of locals and visitors for high quality facilities.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing Rotorua with a range of venues of national and international standard. By providing a range of venues for both major events and community use. 	Excellent well maintained and well used venues.	85% of residents have used/visited an event venue in the last 12 months.	86%	Customer satisfaction survey	85%	85%	85%	85%
			85% of residents very/fairly satisfied with the service/facility.	83%	Customer satisfaction survey	85%	85%	85%	85%
			50% of repeat bookings from commercial clients within a three year period.	67.8%	Booking system	50%	50%	50%	50%
 Prosperous	<ul style="list-style-type: none"> By attracting/hosting events including sporting, cultural festivals, arts, leading edge activity events, celebrating and nurturing traditional Maori Culture and fostering artistic expression in art, music, dancing, public performance and exhibitions. 	Encourage and promote a wide range of events and conferences with high levels of participation that add to the appeal of Rotorua for its citizens and visitors.	More than 25 conferences held each year.	33	Booking system	25	25	25	25
			More than 11,000 conference delegates attending each year.	11,408	Booking system	11,000	11,000	11,000	11,000



Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Reduced community access to venues resulting from high revenue events and conferences securing bookings.	Council policy requires a minimum of 40% of venue usage to be by community groups
Increased traffic congestion arising from major events and sports.	All major events are subject to event specific traffic management plans
Perceived increase in crime – vehicle, theft and assault resulting from increased numbers of people in and around venues during events/sports.	Mitigated by adequate levels of security staffing, full involvement of Police in planning, and specific event initiatives where clear risks are identified and quantified
Competition from planned indoor facility developments in Hamilton and Tauranga.	Marketing planning addresses specific competition from Tauranga for sporting events and Hamilton for sports and C&I events. A value-added approach is being taken to counter discounting in the marketplace. Potential competition from the recently announced National Convention Centre in Auckland is also factored into marketing plans

“Council is a generator of ‘enthusiasm and energy about events ...’”

Asset management

Key assets

Key assets associated with this activity are the:

- Energy Events Centre
- Rotorua Convention Centre
- Rotorua Civic Theatre (located within the Rotorua Convention Centre)
- Te Runanga Tea House,
- Soundshell
- International Stadium
- Equipment Shed

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s. In addition assets installed at the Energy Events Centre are treated prior to installation to protect against the threat of sulphur erosion. This is undertaken by the Events and Venues technical team to maximise the asset life and reliability.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Renewal and Replacements	Convention Centre – furniture and office equipment renewal	86	249	218	1,478
	Energy Events Centre – re-roofing, floor covering and plant replacement	125	391	184	5,611
	Soundshell – asset replacements	18	12	50	143
	International Stadium – furniture and office equipment replacement	3	82	71	829
	Teahouse – furniture and equipment replacements	13	-	-	-
	Equipment shed renewals	-	1	3	84
Total		245	735	526	8,145

Activity assumptions used in providing this activity

This activity has been developed in line with Council's Significant Forecasting Assumptions except that no provision for growth has been provided for as the venues managed by Events and Venues have significant capacity to meet projected demand during the ten year period 2012-22.

Events & Venues - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	1,619	3,071	3,636	3,508	4,252	4,378	4,138	4,256	4,958	4,645	6,456
Targeted rates (other than a targeted rate for water supply)	1,619	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	2,073	2,181	2,254	2,320	2,393	2,454	2,522	2,590	2,670	2,758	2,848
Local authorities fuel tax, fines, infringement fees and other receipts	2,250	2,347	2,420	2,422	2,344	2,420	2,488	2,560	2,641	2,729	2,820
Total operating funding (A)	7,561	7,599	8,310	8,250	8,989	9,252	9,148	9,406	10,269	10,132	12,124
Applications of operating funding											
Payments to staff and suppliers	3,762	4,102	4,213	4,261	4,589	4,513	4,662	4,774	4,971	5,205	5,275
Finance costs	486	395	405	420	403	444	467	498	512	518	527
Internal charges and overheads applied	2,810	2,857	2,956	3,043	3,138	3,206	3,294	3,381	3,485	3,598	3,713
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,058	7,354	7,574	7,724	8,130	8,163	8,423	8,653	8,968	9,321	9,515
Surplus (deficit) of operating funding (A - B)	503	245	736	526	859	1,089	725	753	1,301	811	2,609
Sources of capital funding											
Subsidies and grants for capital expenditure	988	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	37	32	33	34	45	56	67	79	91	103	116
Increase (decrease) in debt	(786)	-	-	1	-	(1)	1	-	1	-	(1)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	239	32	33	35	45	55	68	79	92	103	115
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	503	245	736	527	859	1,088	726	753	1,302	811	2,608
Increase (decrease) in reserves	240	32	33	34	45	56	67	79	91	103	116
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	743	277	769	561	904	1,144	793	832	1,393	914	2,724
Surplus (deficit) of capital funding (C - D)	(504)	(245)	(736)	(526)	(859)	(1,089)	(725)	(753)	(1,301)	(811)	(2,609)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

This activity covers the functions of:

- Policy development
- Planning implementation
- Quality assurance and performance.

Policy Development

- A core function is developing and maintaining the District Plan, one of the key documents Council has to manage and control land use and subdivision in the district.
- Advocacy on behalf of the community on local, regional and national environmental issues is another core function of this team. This generally translates to providing advice on draft national policy statements, national environmental standards, regional policy statements and regional plans.
- Responding to regional and central government policy proposals where these affect land use and resource management within the district.
- Provision of a duty planning service for the community to help understand how the district Plan may impact on activities on land.
- Provision of strategic policy advice in relation to the environment, land management and subdivision, to elected members of Council.

Planning implementation

- Provide planning advice to customers to determine whether consent is required, and the type of information required for lodgement with Council.
- Processing consents (land use and subdivision).
- Processing Notices of Requirements and outline plans for designated public works or areas of land.

Quality Assurance and Performance

- Monitor and report 'The State of the Environment' within the district every 5 years.
- Monitoring of compliance for conditions of consent.
- Take enforcement actions to ensure compliance is achieved.
- Develop business improvements to optimise the performance of the policy development and planning implementation teams, based on the outcomes of monitoring, compliance and regular reviews of national best practice.

Why we do it

- Administer the District Plan and process consent applications to ensure the quality of the environment is balanced with the need for sustainable economic growth to be enabled in accordance with the aims of the Rotorua Sustainable Economic Growth Strategy.
- To ensure sustainable management of natural and physical resources and to manage adverse effects.
- To guide and enhance the quality of the natural and physical environment as the district develops.

“It’s a microcosm of the best natural features and scenery to be found anywhere in the country”


Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:


What is planned?	Why?	Background	Costs	Other options considered
District Plan Review	It is a legal requirement to review the District Plan every 10 years	The review commenced in late 2007. Following extensive consultation with elected members and the public a draft was released in April 2011	The plan will be notified in the first quarter of the 2012/13 financial year (August). Council then has to make decisions on submissions and resolve any appeals to the Environment Court. Council is aiming for an operative date of 2014/15 financial year.	<ul style="list-style-type: none"> None. It is likely this will be the last full scale review of the District Plan. Legislative amendments encourage a shift to rolling review of plan parts on an 'as-needed' basis.
State of the Environment Report 2012 and 2017	It is a legal requirement to report on the state of the environment every 5 years	The first State of the Environment report was produced in 2002 and again in 2007. Council has recently moved to a web-based output, shifting from the traditional approach of producing hardcopy reports	The majority of the 2012 report will be completed in the 2011/12 period, with regular website updates during 2012/13. The 2017 report will most likely commence 2016/17.	<ul style="list-style-type: none"> Monitoring requirements of the Resource Management Act are being reviewed, with findings expected some time during the 2012 calendar year.
Rotorua Spatial Plan	To meet community requests for a clear vision for how and where the district is going to grow over the next 30 years	There are two main prompts. The first is the spatial planning reforms that began with the establishment of the Auckland 'super city', the other is the raft of comments made on the draft District Plan and the difficulty in being able to clearly see where district growth is being directed	The plan will be completed in 2012/13 in close alignment with the District Plan review process. Subsequent reviews will be linked with the long term planning triennial review milestones at 2015/16 and 2018/19.	<ul style="list-style-type: none"> Spatial planning is a topic of discussion at the local, regional and national levels for areas outside Auckland. Council commits to doing only what is required to meet community expectations and future legal requirements.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Environment	<ul style="list-style-type: none"> By implementation of planning management controls to assist in improving the natural and physical environment, and in achieving environmental respect. By providing a land use planning tool that assists in achieving environmental respect, and providing planning management controls to assist in improving natural and physical environment. 	Timely and consistent processing of resource consent applications.	100% of land use consents processed with statutory timeframe of 20 days. 40% on or before day 10 60% on or before day 15 100% on or before day 20	99%	Ozone job tracking/reports	100%	100%	100%	100%
			100% of subdivision consents processed with statutory timeframe of 20 days. 10% on or before day 10 25% on or before day 15 100% on or before day 20	97%	Ozone job tracking/reports	100%	100%	100%	100%
			Council is ranked within the top 20 for timeliness of consent processing.	New measure	Ministry of Environment biennial survey	Achieved	N/A	Achieved	N/A
			Percentage of customers very/fairly satisfied with the resource consent process.	New measure	Customer survey	Obtain baseline	Net 5% increase on previous year's actual	Net 5% increase on previous year's actual	Net 5% increase on previous year's actual
		Prompt responses to complaints about planning and environmental issues.	100% of complaints responded to within 24 hours of receipt.	100%	Complaints database	100%	100%	100%	100%

Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 <p>Prosperous Economy</p>	<ul style="list-style-type: none"> By implementation of a planning framework that supports the local economy, recognises and provides for quality development, and celebrates and promotes the district's uniqueness. By providing an environmental planning framework that is inclusive for Iwi aspirations, recognises the spiritual and cultural connection of Maori, and recognises and provides for this in policy decisions. 	Develop and maintain a District Plan which follows good city design principles and creates a sustainable environment for people to live, work, play and invest.	Rotorua District Plan kept current, and progressed through notification, hearings, and decision phase.	New measure	District Plan timelines	Achieved	Achieved	Achieved	Achieved



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Possible judicial review of policy decision-making processes.	Robust legal review and consultation process to form a part of key policy decision making processes
Appeals lodged against decisions to the Environment Court.	As above.
Changes in legislation that will have resultant effects on levels of services provided.	Ensure opportunities are taken to influence regional and national policy making through submission phases, and where necessary appeal provisions.
Expenses associated with the high degree of consultation that must be undertaken for policy development projects.	Continue the move towards electronic and web-based consultation to reduce production costs.

Asset management

There are no significant land or building assets in the planning area.

Activity assumptions used in providing this activity

This activity plan has been prepared in accordance with Council's set of Significant Forecasting Assumptions, in particular the growth assumptions and the impact of legislative change. The other assumption that the activity plan is based on is that there will be a significant increased requirement for consultants and legal advice during the period in which the District Plan goes through notification, decisions, hearings and appeals phases. This affects the 2012/13 to 2014/15 part of the Long-term Plan.



Planning Services - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
General Rates, uniform annual general charges, rates penalties	3,009	2,852	2,971	2,912	2,782	2,831	2,890	2,964	3,051	3,133	3,219
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	355	254	258	352	364	374	375	377	390	403	416
Internal charges and overheads recovered	5	5	5	5	5	5	5	5	5	5	5
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	3,368	3,111	3,234	3,269	3,151	3,210	3,270	3,346	3,446	3,541	3,640
Applications of operating funding											
Payments to staff and suppliers	2,204	1,895	1,955	1,942	1,756	1,813	1,854	1,899	1,960	2,014	2,072
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,164	1,216	1,278	1,327	1,395	1,397	1,415	1,447	1,485	1,527	1,568
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	3,368	3,111	3,233	3,269	3,151	3,210	3,269	3,346	3,445	3,541	3,640
Surplus (deficit) of operating funding (A - B)	-	-	1	-	-	-	1	-	1	-	-
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	(1)	-	-	-	(1)	-	(1)	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	(1)	-	-	-	(1)	-	(1)	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding (C - D)	-	-	(1)	-	-	-	(1)	-	(1)	-	-
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

REGULATORY SERVICES



What we do

This activity covers a range of specific functions. Focus areas include:

- Animal Control
- Inspection
- Parking Enforcement

The role of this activity is to:

Animal Control

- Register dogs in the district.
- Provide a complaint resolution service in relation to uncontrolled dogs.
- Control the number of dogs kept on individual properties in the urban area through a kennel licensing regime.
- Undertake mobile patrols to apprehend and impound wandering dogs.
- Provide an animal pound facility for the safe and humane containment of dogs and stock found wandering (1,900 dogs impounded each year; 800 dogs euthanised each year).
- Respond immediately to reports of livestock wandering in public places.
- Provide an educational programme on dog control which is available on an 'on demand' basis to primary and intermediate schools in Rotorua district.

Inspection

- Promote and conserve public health.
- Register and inspect food premises, hairdressers and camping grounds.
- Investigate health complaints, monitor water supplies, swimming pool water quality and noise control.
- Manage the district licensing agency to ensure managers and licenced premises hold the appropriate liquor licence and to work towards a reduction in abuse of liquor in the community.
- Provide a complaint response service for matters covered by a number of bylaws to minimise nuisance to the general public (this includes signs, obstruction of public property, disposal of abandoned vehicles, littering, prostitution and gambling).
- Administer the Geothermal Safety Bylaw 2008. Provide an advisory role including undertaking testing for the presence of hydrogen sulphide gas with the intention of ensuring as far as possible, the safety of public from geothermal activity.
- Ensure public safety in the handling and storage of hazardous substances.

Parking Enforcement

- Maximise the availability of safe and appropriate parking during working and shopping hours.

Why we do it

- To enhance the public safety, health and wellbeing of residents and visitors.




Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:


What is planned?	Why?	Background	Costs	Other options considered
The construction of 25 additional pens for dogs at the pound facility.	To enable greater numbers of dogs to be housed after being seized for not being registered.	The Dog Control Act provides that unregistered dogs may be seized and held until registration is completed. Given the existing number of pens available at the pound, many dogs which should be seized for non-registration are not seized because of lack of space	2013 \$104,719	<ul style="list-style-type: none"> The prospect of undertaking this work in conjunction with private funding is being investigated.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Animal Control									
 Safe and Caring	<ul style="list-style-type: none"> By providing safe public places free from uncontrolled dogs and wandering stock. By ensuring safe public places. By minimising risks from nuisances and offensive behaviour. 	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.	98.4%	Dog registration database	100%	100%	100%	100%
			100% of complaints about wandering stock responded to immediately.	100%	Complaints database	100%	100%	100%	100%
			75% of residents very/fairly satisfied with the control of dogs.	75%	Community satisfaction survey	75%	75%	75%	75%

Measuring our achievements cont.

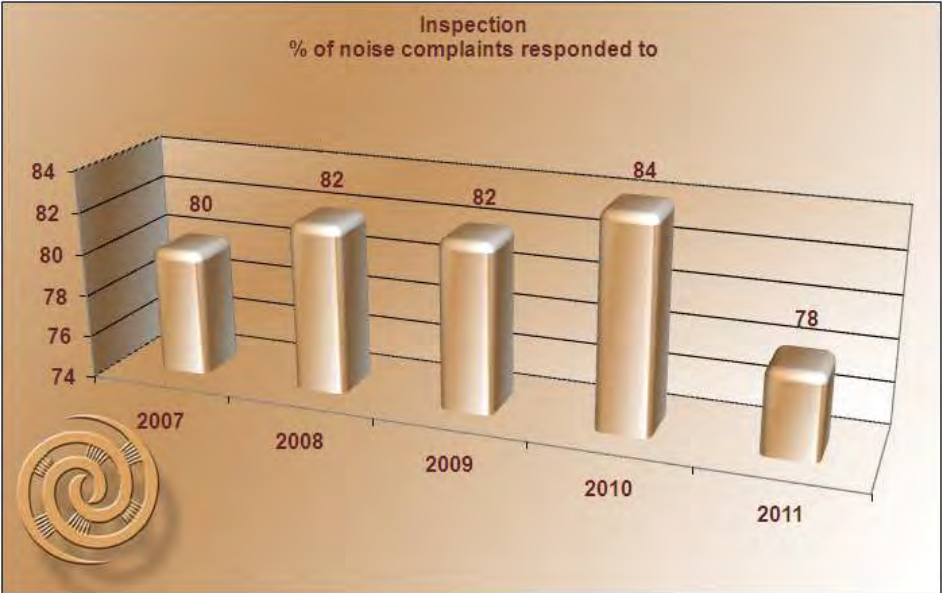
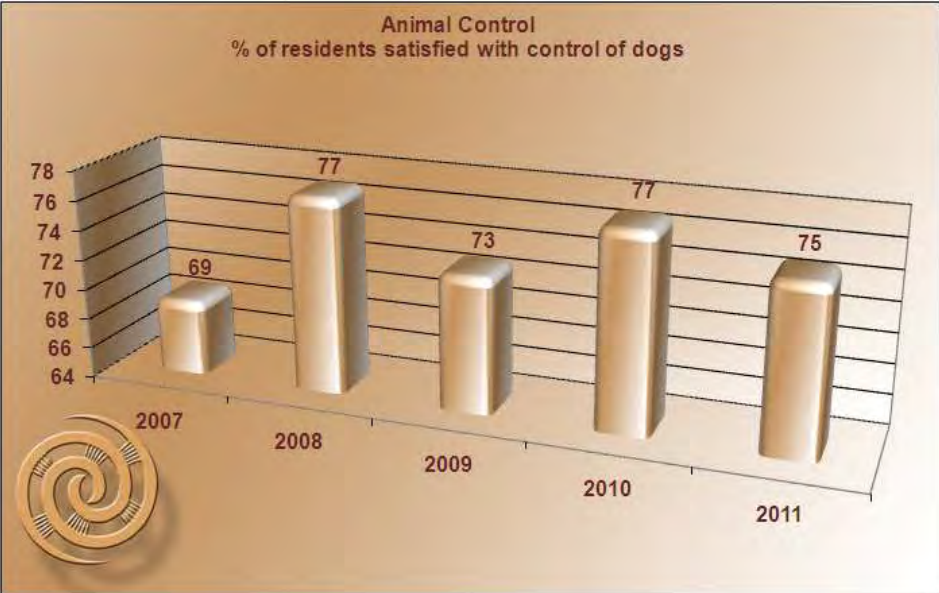
Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
Inspection									
 Healthy	<ul style="list-style-type: none"> By protecting and preserving public health. By providing effective responses to developing health issues. 	Ensure district is provided with clean, safe and hygienic food premises, licensed liquor outlets, hairdressers and camping grounds.	100% of all known food premises registered.	100%	Ozone premise inspection database	100%	100%	100%	100%
			100% of all licensed premises are inspected under the Sale of Liquor Act at least once every 12 months to ensure they comply with licence requirements.	100%	Ozone premise inspection database	100%	100%	100%	100%
			80% of residents very/fairly satisfied with noise control service.	78%	Community satisfaction survey	80%	80%	80%	80%



Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Animal Control	
Failure of dog owners to exercise responsible dog control has the potential for dog attacks and acts of aggression. This affects the social wellbeing and safety of some members of the public.	To continue with a proactive patrolling regime and to increase the presence of staff in those areas which the public identify as having "too many wandering dogs"
Increasing costs resulting from the transfer of central government responsibilities to local authority.	To seek appropriate funding from Central Government to meet costs of additional responsibilities.

Asset management

Key assets

The key assets associated with this activity are:

- Buildings (Pound)
- Fleet

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Animal Pound upgrade	-	-	-	105
Renewal and Replacement	Gas and data logger, detectors replacement	4	-	4	6
	Handheld ticket writers replacement	-	36	-	-
	Animal Pound fence, painting and roof renewal	29	-	6	16
Total		33	36	10	127

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Regulatory Services - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	315	627	632	630	639	619	641	650	654	669	691
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	937	886	914	942	972	1,003	1,032	1,061	1,095	1,132	1,169
Internal charges and overheads recovered	847	938	966	993	1,021	1,049	1,076	1,104	1,137	1,172	1,208
Local authorities fuel tax, fines, infringement fees and other receipts	1,900	1,667	1,719	1,771	1,828	1,887	1,940	1,996	2,059	2,128	2,199
Total operating funding (A)	3,999	4,118	4,231	4,336	4,460	4,558	4,689	4,811	4,945	5,101	5,267
Applications of operating funding											
Payments to staff and suppliers	2,746	2,570	2,619	2,697	2,781	2,868	2,949	3,040	3,126	3,229	3,333
Finance costs	3	2	2	2	2	2	2	2	2	2	2
Internal charges and overheads applied	1,250	1,514	1,574	1,628	1,675	1,688	1,726	1,769	1,817	1,870	1,924
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	3,999	4,086	4,195	4,327	4,458	4,558	4,677	4,811	4,945	5,101	5,259
Surplus (deficit) of operating funding (A - B)	-	32	36	9	2	-	12	-	-	-	8
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	1	-	1	104	-	1	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	1	-	1	104	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	105	-	-	-	-	-	-
- to replace existing assets	-	33	36	10	1	-	13	-	-	-	8
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	33	36	10	106	-	13	-	-	-	8
Surplus (deficit) of capital funding (C - D)	-	(32)	(36)	(9)	(2)	-	(12)	-	-	-	(8)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

The Rotorua Museum (Te Whare Taonga o Te Arawa) is situated in the Bathhouse, an historic landmark building sited strategically in Government Gardens, a heritage precinct of national importance. The Bathhouse building holds a category 1 classification from the NZ Historic Places Trust, the highest level of significance for buildings in New Zealand.

The museum opens to the public every day except Christmas Day, from 9am to 8pm daily during NZ daylight saving time, and from 9am to 5pm the rest of the year, with entry for local residents remaining free.

The Centennial Project was completed in 2011 with the opening of the Don Stafford wing. A three stage project reinstating the viewing platform (2006), extension to the North Wing (2008) and construction of the south wing (2011) has completed the building to its original footprint proposed by Dr Arthur Wohlmann more than 100 years after the building first opened to the public. The \$22 million project was made possible by generous funding partnerships including Rotorua District Council, Rotorua Trust, Central Government, and the Museum Centennial Trust.

Reflecting the value added through the capital investment Council has increased its adult admission price to visitors to \$18.00. However this remains one of the most popular competitive Rotorua tourist destinations.

Exhibitions

- **Taking the Cure**
Tells the story of the Bathhouse building and the origins of tourism in Rotorua.
- **Maori Battalion**
B Company of 28 Maori Battalion was made up of volunteers from the Rotorua/Bay of Plenty/ Thames-Coromandel areas and fought in some of the most famous campaigns of WWII. This exhibition is a tribute to those men, and the people they left behind.
- **Tarawera Eruption**
The 1886 eruption of Mount Tarawera changed the lives for all who lived in this area forever. The fabulous Pink and White Terraces were destroyed, along with many villages around the mountain. This exhibition tells the story of the fateful night and remembers the victims, both Maori and Pakeha.
- **Rotorua Stories Cinema**
An interactive theatre experience telling the stories of Rotorua in a dramatic and entertaining way was added to the museum's attractions in 1998, and has been upgraded at regular intervals since. It remains a core part of the museum experience for locals and visitors alike.
- **Mudbath Basement**
The famous Mudbath Basement has recently been opened up again to visitors after 100 years. Visitors must go through the basement of the building to arrive at the mudbaths which have sat undisturbed for over 100 years.

Viewing Platform

Reinstatement of the historic viewing promenade on the North Wing roof (Stage 1 of the centennial project) was completed in March 2006, and made possible by grants from the Ministry of Tourism and the NZ Lotteries Grants Board, supplementing annual plan funding from RDC.

Nga Pumanawa o Te Arawa

A major exhibition covering eight galleries in the new Don Stafford Wing (opened September 2011) tells the story of the Arawa people from origins in Hawaiiki through until present day Rotorua. A number of significant Te Arawa taonga have returned to Rotorua Museum on loan from institutions around New Zealand and overseas for this groundbreaking new exhibition.

DID YOU KNOW....

Seven important collections are at the heart of the museum's identity. They are (with catalogued holdings as at 30.06.11):

- Ethnology (624 items catalogued)
- Fine Arts (2,189 items catalogued)
- Natural Environment (474 items catalogued)
- Photography (22,417 items catalogued, approx. 75,000-100,000 items in total)
- Resource and archives (8,990 items catalogued)
- Social History (15,176 items catalogued)
- Taonga Maori (1,324 items catalogued)

Programmes

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is provided throughout the year. Some of the events are so popular that dozens of people are turned away.

Guided Tours

Guided tours provided by a team of over 80 volunteer docent guides have become a core part of the Rotorua Museum experience. The guides undergo a rigorous 14 week training programme before graduating and starting their careers as guides for museum visitors. Tours take place on the hour in the summer months and five times daily in winter.

Education

Since 1998 the museum has been contracted by the Ministry of Education to provide 'Learning Experiences Outside the Classroom' to some 12,000 school students per annum. Two teachers are employed to develop and deliver curriculum-linked programmes and school groups come from all over New Zealand to use the service. The current contract expires in 2013 after which the museum will seek a new contract.

A dynamic and active programme of public lectures, films, tours, floor talks and children's activities is provided throughout the year. Some events are so popular that people are turned away.

Why we do it

- To provide a world class museum for the community and visitors
- To collect, preserve and interpret local material cultural heritage for the benefit of future generations
- To maintain the integrity of the Bathhouse as an iconic Rotorua and New Zealand building.

Major projects




Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Feature lighting of exterior of building	To maximise the impact of the completed Bathhouse building for visitors to Government Gardens at night and to enable the museum to be seen at night from local points such as Skyline Skyrides and the approach into the city from Te Ngae Road	The Rotorua Museum Centennial Trust wishes to undertake and fund this project as its next major focus	2013-2014 \$1,831,140 (to be fully funded through the fundraising efforts of the Centennial Trust)	<ul style="list-style-type: none"> ▪ Proceed with construction when fully funded. ▪ Put project on hold until funding is secured.
Upgrade of Taking the Cure exhibition	This exhibition is now 15 years old and needs to be refreshed to bring it up to the standard of the rest of Museum	Taking the Cure tells the important story of the history of the Bathhouse and the history of spa tourism in the District. This exhibition shows the original use of the building, including many original features	2014 \$200,000	<ul style="list-style-type: none"> ▪ Proceed. ▪ Delay project.
Upgrade of Rotorua Stories Cinema	To utilise new technologies to best effect and to keep this iconic attraction, built in 1998, fresh and modern	An immersive theatre, incorporating film, sound, lighting effects and hydraulic movement, tells the Great Stories of Rotorua every 20 minutes, in nine languages	2016 \$200,000	<ul style="list-style-type: none"> ▪ Proceed. ▪ Delay project.



Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Thriving	<ul style="list-style-type: none"> By providing great facilities to visit. By fostering artistic expression, art, music, dance, public performances and exhibitions. 	An outstanding museum experience, open seven days a week and free to local residents of Rotorua.	60% of households in Rotorua have used/visit the museum in the last year.	57%	Community satisfaction survey	60%	60%	60%	60%
			80% of local residents very/fairly satisfied with the museum and its services.	76%	Community satisfaction survey	80%	80%	80%	80%
 Learning	<ul style="list-style-type: none"> By providing learning activities accessible for everyone. By providing quality educational institutions. 	Provide a range of learning opportunities for primary, secondary, tertiary and adult learners.	Number of public programmes (workshops/lectures) per year.	27	Public programmes calendar	20	20	20	20
			Number of students each year participating in the LEOTC programme (curriculum based learning).	12,428	Attendance records	11,000 *	11,000	11,000	11,000
 Prosperous Economy	<ul style="list-style-type: none"> By marketing the museum to encourage people to visit. By providing 'value added' products available for purchase. 	Position the Museum as a "must see" attraction to visitors to the district, both international and domestic.	Total number of paying visitors per year.	82,866	Point of sale records	80,000	80,000	80,000	80,000
			Average spend per paying visitor.	\$11.14	Point of sale records	\$14	\$14	\$14	\$14

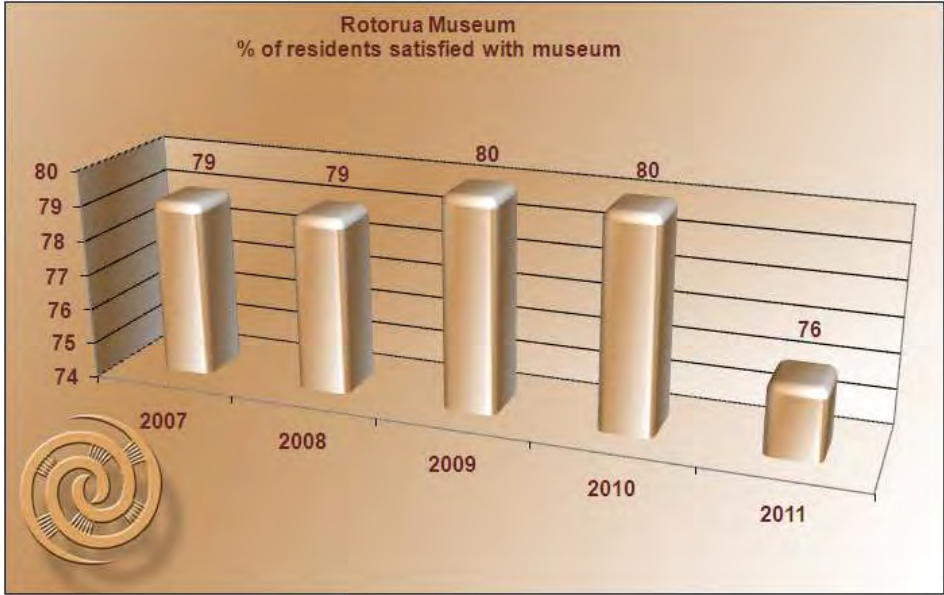
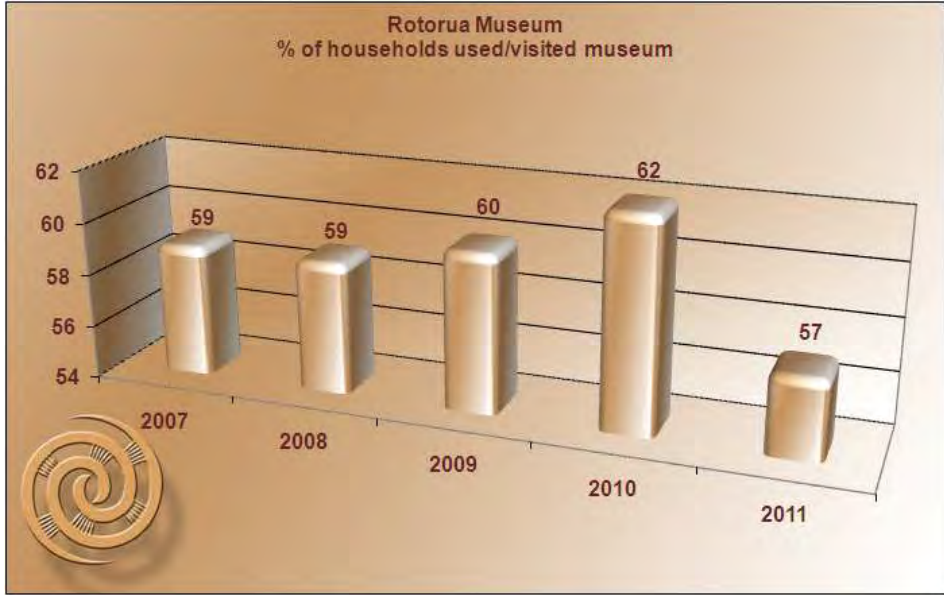
* The assumption has been made that funding for this programme will continue beyond the current contract. If this is not the case, there will be a reduction in the level of service provided by the Museum.

“Rotorua Museum is believed to be the country’s most photographed building”

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



NOTE: Residents' satisfaction has been high over the last 5 years. A decline in 2011 was expected due to the disruptions caused by major development in constructing the new South Wing. This work resulted in many galleries and exhibitions being closed for large parts of the year.

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Inability to meet customer demand and changing expectations.	Ensure programming is kept fresh and engaging; ensure permanent exhibitions are kept up to date and are refreshed regularly.
Does not meet visitor numbers or cost per visit targets.	Focus marketing effort on markets with potential for growth, particularly group tour market and emerging markets.
Reliance on vulnerable international visitor market.	Vigorously promote the museum to domestic (non-Rotorua) markets, especially BOP, Waikato and Auckland, to reduce reliance on international visitors.

Asset management

Key assets

The key assets associated with this activity are the:

- Collections 7
- Permanent exhibitions 7
- Bathhouse building
- Plant

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Feature lighting of exterior of Museum building	900	931	-	-
Increased demand	Collection development	8	9	9	73
Renewal and replacement	Museum building replacements	148	417	198	2,851
Total		1,056	1,357	207	2,924

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.



Rotorua Museum - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	1,568	1,972	2,176	1,817	1,702	1,527	1,418	1,888	1,285	1,379	1,703
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	98	98	101	104	107	111	114	117	121	125	129
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,428	1,317	1,553	1,740	2,037	2,190	2,343	2,471	2,626	3,164	3,337
Total operating funding (A)	3,095	3,387	3,830	3,661	3,846	3,828	3,875	4,476	4,032	4,668	5,169
Applications of operating funding											
Payments to staff and suppliers	2,422	2,638	2,794	2,828	2,857	2,956	3,097	3,141	3,216	3,330	3,481
Finance costs	185	237	244	253	253	276	290	309	318	323	330
Internal charges and overheads applied	387	397	410	418	430	435	447	457	470	485	500
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,994	3,272	3,448	3,499	3,540	3,667	3,834	3,907	4,004	4,138	4,311
Surplus (deficit) of operating funding (A - B)	101	115	382	162	306	161	41	569	28	530	858
Sources of capital funding											
Subsidies and grants for capital expenditure	5,277	2,400	1,321	-	-	-	-	-	-	-	-
Development and financial contributions	8	7	7	7	10	12	14	17	19	22	25
Increase (decrease) in debt	(3,876)	(1,492)	(380)	9	9	11	10	10	13	12	13
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,409	915	948	16	19	23	24	27	32	34	38
Applications of capital funding											
Capital expenditure											
- to meet additional demand	8	8	9	9	9	10	10	10	11	11	12
- to improve the level of service	1,400	900	931	-	-	-	-	-	-	-	-
- to replace existing assets	101	148	417	198	351	208	89	620	82	586	916
Increase (decrease) in reserves	-	(26)	(27)	(29)	(35)	(34)	(34)	(34)	(33)	(33)	(32)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,510	1,030	1,330	178	325	184	65	596	60	564	896
Surplus (deficit) of capital funding (C - D)	(101)	(115)	(382)	(162)	(306)	(161)	(41)	(569)	(28)	(530)	(858)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

INFRASTRUCTURE SERVICES GROUP

Overview of Group

The Infrastructure Services Group covers a wide range of asset based services and facilities.

This group is important in enabling business development in the district – directly through provision of key infrastructure, and also in supporting planning and consenting processes. All aspects of this work will be reviewed as 'Lean Thinking' is applied across the council.

Council spends a significant portion of its operating and capital expenditure budgets on these activities, which include:

- Aquatic Centre
- Stormwater and land drainage
- Parks and reserves
- Waste management
- Water supplies
- Sewerage and sewage
- Roads and footpaths.
- Rotorua International Airport

Roading networks are critical in supporting and developing the economy particularly in the Rotorua District where the three major economic drivers of forestry, agriculture and tourism are so reliant on.

Highlights of the Long-term Plan include the Victoria Street Arterial, expansion of the Rotorua Transport Centre and developments within the CBD. The Rotorua Eastern Arterial is a NZTA project but Council will play a significant support role in implementation of this crucial project.

Investment in core infrastructure remains an important focus of Council. The works planned for Kuirau Park, CBD and Lakefront are intended to enhance current facilities for visitors and local alike.

Council is also seeking business partners to develop complementary facilities at the Aquatic Centre. Working with partners will enable Council to provide a higher level of service, attracting more customers and providing the opportunity to increase revenue, thereby reducing dependence on rates funding.

The replacement of septic tanks within catchments of the Rotorua lakes with reticulated sewerage schemes is a key part of the strategy to improve the quality of lake water. Reporoa has problems with high water tables and has been included.



What we do

Aquatic Facilities

The Rotorua Aquatic Centre is open 7 days per week from 6am to 9pm and operates 364 days per year. It is a Pool Safe accredited facility.

The facilities hold Enviro Gold accreditation and a five star Qualmark certification from Tourism New Zealand's official quality agency. The aquatic centre is also a member of the Rotorua Sustainable Charter Incorporated.

Recreational and Sporting opportunities

The centre is one of many major aquatic facilities based in the central North Island and caters for local, regional and national aquatic sports and provides recreational, health, fitness and leisure programmes and services. Sporting and physical activity opportunities include recreational programmes such as aqua jogging and aerobic classes, aqua mums, Green Team holiday programme and flippa ball (mini water polo). Other activities include swimming, water polo, canoe polo, outriggering (waka ama), underwater hockey, 'learn to swim' programmes, playground and inflatable fun, volleyball and onsite cardio studio.

Water Safety Education

The centre offers Learn to Swim programmes targeting all age groups, Unison Lake Safety Programme (major sponsor Unison Networks Limited), Rangatahi Lifeguard Award, Go4it Schools Swimming Initiative in conjunction with Water Safety New Zealand, Outriggering (Waka Ama), Central North Island Lifeguard Competition, Boat Safety in conjunction with Rotorua Coastguard, Swim for Life Campaign, pre-entry Police swim testing, training and assessment.

Health and Community Wellbeing

The centre offers a variety of programmes and events throughout the year which cater for children, schools, teenagers, adults, parents and seniors. Programmes and events include children's holiday programmes, whanau days, 'heart stopper challenge', 'give it a go' day, ladies nights and a women's expo. The centre also supports a number of community initiatives including Salvation Army food bank appeal, SPCA, Bay Trust Rescue Helicopter, Keep Rotorua Beautiful, 'Learn to Swim' Scholarships (which include a partnership with Ngati Whakaue Education Endowment Trust Board) as well as assistance in many other community fund raising events. The cardio studio contributes to healthy living by offering a range of cardio vascular equipment for building fitness, rehabilitation and weight management.

Why we do it

- To promote a fun, safe, healthy and active lifestyle to the local community at an affordable cost through a range of aquatic leisure and recreational opportunities.
- To develop strategic community partnerships with swimming and sporting groups, recreation and health professionals, government agencies and private sector organisations.



Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Aquatic centre joint venture options	Council believes that the aquatic centre can be significantly enhanced by external investment. It is expected that a joint venture will expand the facilities and services provided at the centre and reduce its operating costs to ratepayers. Examples of options include possible development of a health centre, expansion of the gym and a café.	Better integration with Kuirau Park identified in the Public Gardens, Reserves and Cemeteries activity will make the aquatic centre a more attractive investment opportunity. Currently the aquatic centre attracts 330,000 visitors pa and Kuirau Park in excess of 250,000 visitors pa.	2013-2016 RDC contribution of a maximum \$3,224,000. External funding in excess of \$6m.	<ul style="list-style-type: none"> Do nothing. Facility use is likely to decline through lack of investment. Make minor improvements to pools and surroundings only. This is likely to make no changes to the level of rates being used to support operational costs.
Asset Renewals	Assets are replaced as they reach the end of their useful life to enable the same Levels of Service to be maintained.	Detailed information is contained within the Aquatic Centre Asset Management Plan 2012.	2013-2022 \$6,635,000	<ul style="list-style-type: none"> Do nothing, with plant and equipment at risk of failing resulting in a lowering of current levels of service.

Aquatic Centre future strategic direction





Council has concluded that the future direction of the aquatic centre should be focused around:

- Refreshed and updated facility – Levels of Service/Renewals
- Boosting revenue (yield) – an organisational move to reduce dependency on rates
- Preparing for opportunities (health centre, etc).



Measuring our achievements

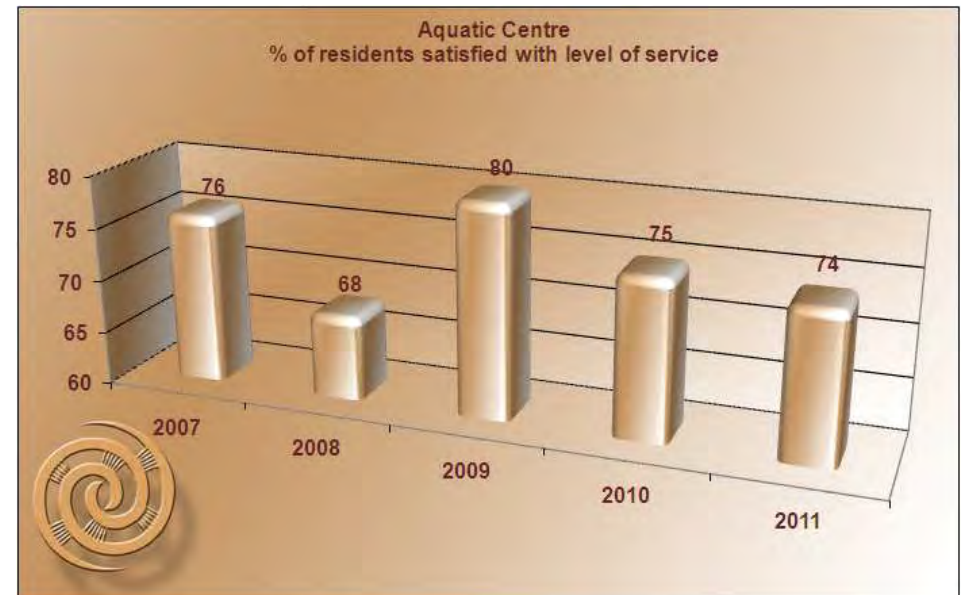
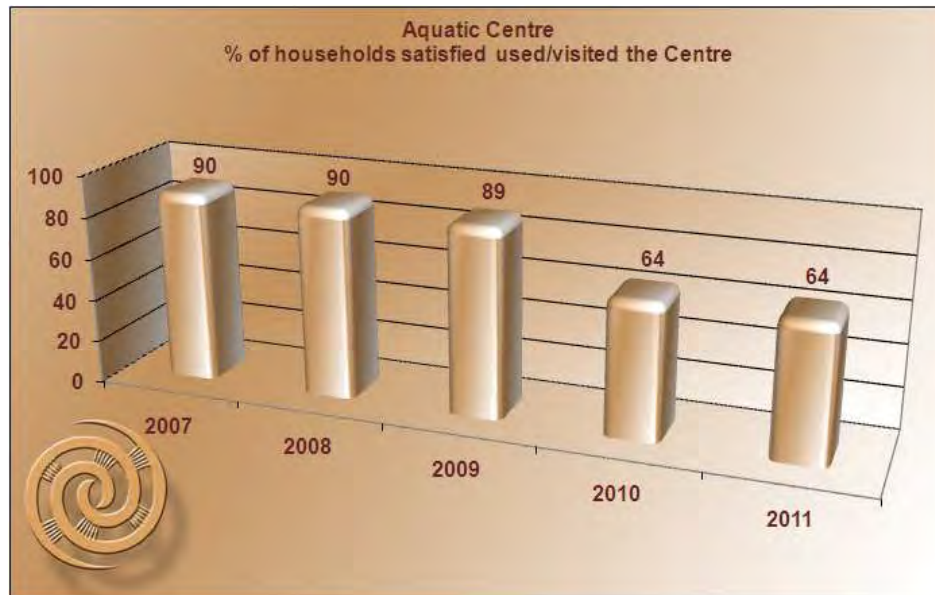
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Safe and Caring	<ul style="list-style-type: none"> By providing a safe public space for families and whanau to work, play and talk together By providing opportunities to learn personal and community safety skills 	To provide safe facilities.	Poolsafe accreditation is maintained.	Achieved	Pool Safe Certification	Achieved	Achieved	Achieved	Achieved
 Healthy	<ul style="list-style-type: none"> By giving everyone the opportunity to participate in sport and physical activity By encouraging the community to live healthy and active lifestyles 	Provide water and land based recreational opportunities.	10,500 individuals participate in Learn to Swim School programmes per term.	New measure	Enrolment database	10,500	10,500	10,500	11,000
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing a range of aquatic fitness programmes. By providing well maintained facilities and pools. 	Provide an excellent facility and variety of services in a sustainable manner.	75% of residents are very/fairly satisfied with the level of service.	74%	Customer satisfaction survey	75%	75%	75%	75%
 Thriving	<ul style="list-style-type: none"> By providing a variety of fun and accessible activities and events By providing pools for competitive swimming, underwater hockey and water polo 	Provide a variety of fun and accessible activities and events.	Number of visitors to the aquatic centre per year.	332,080	Counter intelligence system	320,000	320,000	350,000	350,000
			Percentage of households using/visiting the aquatic centre in a year.	64%	Customer satisfaction survey	65%	65%	70%	70%

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Rising costs and availability of energy and other raw materials	Securing on-going geothermal resource consent to provide for pool heating, with investigation into additional forms of energy (coal, electricity, solar and geothermal). Currently Council has procurement arrangements across a range of suppliers for the purchase and use of energy and raw materials.
Activities and services fail to meet needs of the community	Consult regularly with users to identify expectations.
Asset failure / aged facilities	Good maintenance and renewal schedules in place. Assets are regularly monitored and risk mitigated through a comprehensive asset management plan.
Higher cost of meeting health & safety standards, and legal obligations	Ensure effective risk management plans are in place and active. Ensure all opportunities for reducing costs (i.e. ACC Workplace Accreditation programme) are explored and maximised.
Public/private partnership to fund future developments at the aquatic centre are not secured	Develop sound business plan and project proposal. Actively approach/interact with potential partners.

Asset management

Key assets

The key assets associated with this activity are the:

- 50m outdoor swimming pool
- 18m indoor learners pool
- 25m indoor swimming pool with a 7m bulkhead.
- 3 outdoor spa pools,
- Indoor Lazy River
- Indoor spa pool.
- Splash pad
- A cardio studio in partnership with Gold's Gym

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Development of health and fitness centre and cafe	100	310	1,601	1,213
Renewal and replacement	Plant and building renewal	301	323	326	5,840
Total		401	633	1,927	7,053

Activity assumptions used in providing this activity

This activity has been developed in line with Council's Significant Forecasting Assumptions. In planning for this activity and future developments at the centre an assumption has also been made that a private/public partnership is secured in order to proceed with the plans to develop a health and fitness centre.

Aquatic Centre - Funding Impact Statement

	Annual Plan	Long-term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	1,778	1,894	1,877	1,835	1,633	1,834	1,794	1,951	2,544	4,748	3,895
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	6	12	12	13	13	14	14	14	15	15	16
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	20	20	20	20	20	20	20	20	20	20	20
Local authorities fuel tax, fines, infringement fees and other receipts	1,150	1,136	1,257	1,409	1,455	1,504	1,549	1,597	1,653	1,715	1,779
Total operating funding (A)	2,954	3,062	3,166	3,277	3,121	3,372	3,377	3,582	4,232	6,498	5,710
Applications of operating funding											
Payments to staff and suppliers	2,205	2,226	2,291	2,385	2,453	2,601	2,715	2,781	2,879	2,887	2,975
Finance costs	111	87	90	93	91	98	118	140	144	147	150
Internal charges and overheads applied	543	447	458	466	479	491	505	517	533	549	566
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,859	2,760	2,839	2,944	3,023	3,190	3,338	3,438	3,556	3,583	3,691
Surplus (deficit) of operating funding (A - B)	95	302	327	333	98	182	39	144	676	2,915	2,019
Sources of capital funding											
Subsidies and grants for capital expenditure	-	67	208	1,073	812	-	-	-	-	-	-
Development and financial contributions	48	42	43	44	58	72	86	101	117	133	149
Increase (decrease) in debt	184	33	102	528	402	-	-	-	-	-	1
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	231	142	353	1,645	1,272	72	86	101	117	133	150
Applications of capital funding											
Capital expenditure											
- to meet additional demand	81	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	184	100	310	1,601	1,213	-	-	-	-	-	-
- to replace existing assets	96	301	323	326	87	165	16	114	637	2,865	1,957
Increase (decrease) in reserves	(34)	43	47	51	70	89	109	131	156	183	212
Increase (decrease) in investments											
Total applications of capital funding (D)	327	444	680	1,978	1,370	254	125	245	793	3,048	2,169
Surplus (deficit) of capital funding (C - D)	(96)	(302)	(327)	(333)	(98)	(182)	(39)	(144)	(676)	(2,915)	(2,019)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

ENGINEERING SERVICES

What we do

Ensure resource consent processes and any consequential effects on Council's infrastructural assets are managed on a sustainable basis, while providing specialist support to Council's engineering services.

Why we do it

- To monitor strategic policies that may affect council utility operations.
- To identify, prioritise and minimise Council's exposure to risk and ensure that risk analysis is carried out in day to day decision-making and practice.
- To provide a trade waste, stormwater licensing, spill control and road opening administration function for Council.



- To provide land development engineering input to the resource consent, building consent, PIM and LIM processes.
- To provide an asset transfer control, engineering standards and engineering audit function.

Major projects

No major projects are planned for this activity.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Excellent Facilities and Services	<ul style="list-style-type: none"> ▪ By providing good quality regulatory controls for the water services. 	Monitor and control the community's wastewater discharges (trade waste, stormwater).	40% of premises with a conditional trade waste consent or stormwater licence inspected each year for compliance.	53.8%	Pollution control database	40%	40%	40%	40%
			100% of high risk premises annually monitored for compliance.	83%	Pollution control database	100%	100%	100%	100%
			95% of pollution control complaints responded to within two hours.	98.1%	Pollution control database	95%	95%	95%	95%
 Safe and Caring	<ul style="list-style-type: none"> ▪ Effective and efficient administration of road corridor access requests.. 	Manage process in accordance with the national code of practice for utility operators access to transport corridors.	60% of works approval notices consented within 5 days.	New measure	RAMM database	60%	60%	70%	70%
			90% works approval notices consented within 10 days.	New measure	RAMM database	90%	90%	90%	90%
			95% of works approval notices consented within 15 days.	New measure	RAMM database	95%	95%	95%	95%

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Environmental engineering initiatives may increase up-front capital costs while reducing whole-of-life costs.	Trend towards whole-of-life costing. Balance the costs of compliance with standards and community safety against restrictions on development.
Increased risk exposure.	Set levels to which the council is comfortable to carry risk level then have plan in place to mitigate once this level is tipped.
Non-complying development	Mechanisms in place to identify this and respond accordingly.
Integrated risk management may re-prioritise resources.	Allow for flexibility to enable quick response to changing priorities.

Asset management

Key assets

There are no major assets associated with this activity but planning support is provided for all Infrastructure activities.

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Renewal and replacement	Plant and building renewals for laboratory	11	8	20	371
Total		11	8	20	371

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Engineering Services - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	536	578	569	586	605	624	669	689	710	734	759
Internal charges and overheads recovered	7,833	8,398	8,629	8,824	9,089	9,198	9,255	9,346	9,459	9,489	9,425
Local authorities fuel tax, fines, infringement fees and other receipts	434	551	774	798	823	850	977	1,005	1,243	1,491	1,850
Total operating funding (A)	8,803	9,527	9,972	10,208	10,517	10,672	10,901	11,040	11,412	11,714	12,034
Applications of operating funding											
Payments to staff and suppliers	5,523	5,435	5,577	5,727	5,947	6,140	6,314	6,493	6,701	6,926	7,155
Finance costs	6	20	21	22	22	23	24	25	25	26	27
Internal charges and overheads applied	2,626	3,374	3,514	3,646	3,751	3,747	3,827	3,914	4,017	4,129	4,243
Other operating funding applications	635	687	851	792	782	753	609	451	639	630	579
Total applications of operating funding (B)	8,788	9,516	9,963	10,187	10,502	10,663	10,774	10,883	11,382	11,711	12,004
Surplus (deficit) of operating funding (A - B)	15	11	9	21	15	9	127	157	30	3	30
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	20	-	(1)	(1)	(1)	-	-	(1)	-	1	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	20	-	(1)	(1)	(1)	-	-	(1)	-	1	-
Applications of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	20	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	15	11	8	20	14	9	127	156	30	4	30
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	35	11	8	20	14	9	127	156	30	4	30
Surplus (deficit) of capital funding (C - D)	(15)	(11)	(9)	(21)	(15)	(9)	(127)	(157)	(30)	(3)	(30)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



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. This open space provides for recreation and organised sport, garden environments and green corridors that contribute to the district's natural form, character and amenity values.

Cemeteries/crematorium

The council provides and manages five operational cemeteries and one crematorium to meet the burial and remembrance needs of the community. Cemeteries are located at Rotorua, Mamaku, Reporoa, Ngakuru-Waikite and Kauae. Kauae Cemetery is owned by the Kauae Cemetery Trust with Council being responsible for its maintenance.

Tokorangi / Whakarewarewa forest parks

Rotorua District Council is responsible for the maintenance of walking and mountainbike trails in the Tokorangi Forest, famous for the magnificent stands of towering Californian Coastal Redwoods. The tracks in the adjacent Whakarewarewa Forest are 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.

Urban design / policy development

The Parks and Recreation Department plays a major role in urban design, being responsible for peer review of all subdivision and landscaping plans submitted to council. This department provides a consultation service to other council departments on landscaping, recreational opportunities and optimal utilisation of potential resources.

The department also manages development of strategic documents for parks and recreation activity for the service to be provided within council policy and industry best practice.

Nursery

Council operates an in-house nursery to provide a cost effective supply of quality plants for Council's parks, gardens and displays (indoor and outdoor); environmental improvement and streetscaping projects. The nursery also provides high quality plant material to other local authorities which in turn subsidises the cost of plants used within Rotorua district.

Why we do it

- To provide an open space network for casual and organised recreation, supporting social, cultural, economic and environmental community wellbeing;
- To contribute to the community's physical, mental and spiritual wellbeing;
- To provide facilities for burial and cremation;
- To protect and enhance ecological and heritage landscape values.

DID YOU KNOW....

Rotorua district is lucky to have had a number of its reserves gifted to it from Ngati Whakaue. A partnership between Council and Ngati Whakaue (Gifted Reserves Protocol) manages these reserves for the community.

Public Gardens, Reserves and Cemeteries

Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Cemetery/Crematorium				
Cemetery development – new cemetery area	To continue to provide a public cemetery for the residents of Rotorua.	The area available for public burials at Kauae Cemetery is almost at capacity. Land that has been purchased will be developed to enable a continued supply of burial plots.	2016-2017 \$542,299	N/A
Public Gardens				
Reserves/parks carpark upgrades	To upgrade selected carparks and includes some renewal funding (Waipa Rd carpark sealing and lights).	Part of the package presented to upgrade facilities for the establishment of the national Mountain Biking centre of Excellence in Rotorua.	2013 \$300,000	<ul style="list-style-type: none"> Do not proceed and run risk of losing National Mountain Biking Centre of Excellence.
Southern Government Gardens lighting upgrade	To upgrade lighting within the southern area of Government Gardens per CPTED recommendations.	Public safety concerns in Government Gardens for legitimate users of museum, EEC and the reserve after sunset.	2013 \$200,000	<ul style="list-style-type: none"> Do not proceed leaving pathways unlit at night, discouraging users from entering or passing through the park.
Reserve toilet facilities	New toilets to be installed at various locations around the district.	Reserve usage demand with development and increasing number of reserve users timed to coincide with Lakeside community sewage disposal upgrades where appropriate. An additional amount of \$150,000 has been added to undertake improvements to toilets throughout the district resulting from the Public Toilet Review undertaken by APR in late 2011.	2013-2022 \$2,507,131	<ul style="list-style-type: none"> Do not proceed or reduction in number of new toilets and/or standard of toilets provided.

Public Gardens, Reserves and Cemeteries

Major projects cont.

What is planned?	Why?	Background	Costs	Other options considered
Lakefront reserve upgrade	To proceed with redevelopment of the Lakefront area integrating it with Tutaneikai Street and the rest of the CBD.	Proceeding with staged implementation of the Lakefront Development Plan adopted by Council after considerable consultation.	2013-2017 \$2,390,645	<ul style="list-style-type: none"> Do not proceed, or continue with a scaled down implementation.
Neil Hunt Park upgrade	To rebuild deteriorating sportsfields maximising the amount of play they can take.	Addresses the problem of subsiding ground levels restricting usage of these sportsgrounds for competitive sport.	2017 \$731,088	<ul style="list-style-type: none"> Do not proceed allowing grounds to deteriorate to a level unsuitable for sportsgrounds.
Boatramps and jetties upgrade	To provide facilities at various public boatramps and jetties to comply with minimal standards set by council policy.	Ongoing staged implementation of upgrading public boatramps and jetties to comply with the minimum standards set by Council.	2013, 2014, 2019 \$257,000	<ul style="list-style-type: none"> Do not proceed with boatramps and jetties to comply with Council's minimum requirements standards.
Kuirau Park facilities upgrade	Aligning development and renewals to improve linkages to Kuirau Park to the aquatic centre and through to CBD making for a busier and safer destination. Visitors will be able to move freely between the destinations and have a better experience thereby improving the sustainability and visitation to the park and aquatic centre and contributing to the ongoing improvement of the CBD.	Currently Kuirau Park has 250,000 visitors pa and the Aquatic Centre has 330,000 visitors pa. Individually it has been difficult to attract investment for development in these areas. Combined they will make for a far more attractive opportunity.	2013-14 \$785,750	<ul style="list-style-type: none"> Do nothing which will not contribute to improving the perceptions and risks currently associated with this park with surrounding developments further isolating it from the CBD.
Parks land purchases	To enable purchase of land to extend Council's reserve and sportsfield needs as the district grows. This includes purchase of land within the proposed Eastside development.	As land is subdivided the opportunity to purchase land for reserve purposes sometimes becomes available enabling Council to meet its reserve coverage requirements.	\$5,863,056 spread over the ten years Approximately \$3,500,000 is set aside in 2018 for Eastside land purchases	<ul style="list-style-type: none"> Do not purchase the land resulting in increasing demand on existing reserves with a decrease in the level of service.
Playground development	To construct playgrounds (Reeme Street, Hinemoa Point, Ngongotaha South, Upper Clayton/Pukehangij).	As a result of growth requirements to maintain the current level of service.	2016-20 \$162,278	<ul style="list-style-type: none"> Do not proceed and accept a lower level of service.

Public Gardens, Reserves and Cemeteries

Major projects cont.



What is planned?	Why?	Background	Costs	Other options considered
Walkways development	Improve and extend Council's walkway network at Lakes Tarawera and Okareka and alongside the Utohina Stream.	Tarawera Walkway from Cliff Road to the reserve at the end of Spencer Road. Okareka Walkway linking Boyes Beach with the Round the Lake Walkway. Utohina Stream Walkway completing the Rotorua Walkway circuit.	2013-14 Utohina Strm W/w \$18,415 2016 Tarawera W/w \$110,230 2017 Okareka W/w \$34,200	<ul style="list-style-type: none"> Do not proceed resulting in a lower level of service and a Rotorua State of the Environment KPI not met.
Youth spaces facility development	Construction of appropriate youth play facilities in Koutu and Eastern suburbs.	Provision of a new facility in Karenga Park, Koutu, and somewhere in Rotorua's Eastern Suburbs.	2013 Koutu \$154,500 2015 Mamaku/ Eastern Suburbs \$220,000	<ul style="list-style-type: none"> Do not proceed with one or both which would place \$300,000 FreeParking Recreation Programme grant received from SPARC at risk.
Netball court resealing	Improve and extend the life of the ground surface at the Westbrook netball courts.	The netball courts are nearing the end of their usable life, a number of cracks have been appearing for many years reducing the quality of the surface which may also lead to increased maintenance costs and safety issues if left.	2016 \$338,000 -(\$50,000) funding from Netball Association	<ul style="list-style-type: none"> Do nothing. Increase maintenance to prolong life. Replace netball surface. Combination of bullet point 2 and 3.



Public Gardens, Reserves and Cemeteries



Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Safe and Caring	<ul style="list-style-type: none"> By ensuring our parks, reserves and open spaces are safe, welcoming areas for the community to gather and interact in. By planning facilities and structures in accordance to Crime Prevention Through Environmental Design (CPTED) principles. By meeting a range of community burial and cremation needs. 	Provide safe parks and reserves.	95% of playgrounds comply with Playground Safety Standard (NZS:4828).	95%	Annual audit	95%	95%	95%	95%
			100% of all new development on reserves designed to incorporate CPTED principles.	New measure	CPTED assessment report	100%	100%	100%	100%
 Environment	<ul style="list-style-type: none"> Through the principle of Kaitiakitanga (guardianship), managing and protecting our natural resources. 	Enhance the aesthetic look of Rotorua in terms of quality plantings, bedding displays, interpretation and design and appropriate access.	95% of residents very/fairly satisfied with the level of service for beautification and landscaping.	95%	Community satisfaction survey	95%	95%	95%	95%
		Protecting and enhancing reserves for the enjoyment of all.	90% of residents very/fairly satisfied with the level of service for parks, reserves & playgrounds.	89%	Community satisfaction survey	90%	90%	90%	90%
			85% of households used/visited parks, reserves and playgrounds in last 12 months.	85%	Community satisfaction survey	85%	85%	85%	85%

Public Gardens, Reserves and Cemeteries

Measuring our achievements cont.

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Healthy	<ul style="list-style-type: none"> By providing areas for people to engage in healthy activities. 	Provide and maintain facilities for recreational activities.	80% of residents are very/fairly satisfied with the level of service for sportsfields.	82%	Community satisfaction survey	80%	80%	80%	80%
			70% of households have used/visited sportsfields in last 12 months.	68%	Community satisfaction survey	70%	70%	70%	70%
 Excellent Facilities and Services	<ul style="list-style-type: none"> Through the provision of facilities, reserves and services to a high quality that are affordable, well maintained and managed. 	Provide adequate open space to meet community needs.	Amount of reserve per 1000 population.	17.48 ha	Park benchmarking report – Yardstick	12 ha	12 ha	12 ha	12 ha
			90% of children's play areas within 500m of dwellings in the urban area.	97.7%	Spatial analysis GIS maps	90%	90%	90%	90%

The Redwoods

“experience some of the finest walking and mountain bike trails in the world, as well as take in superb panoramic views of the city, lake and surrounding district”

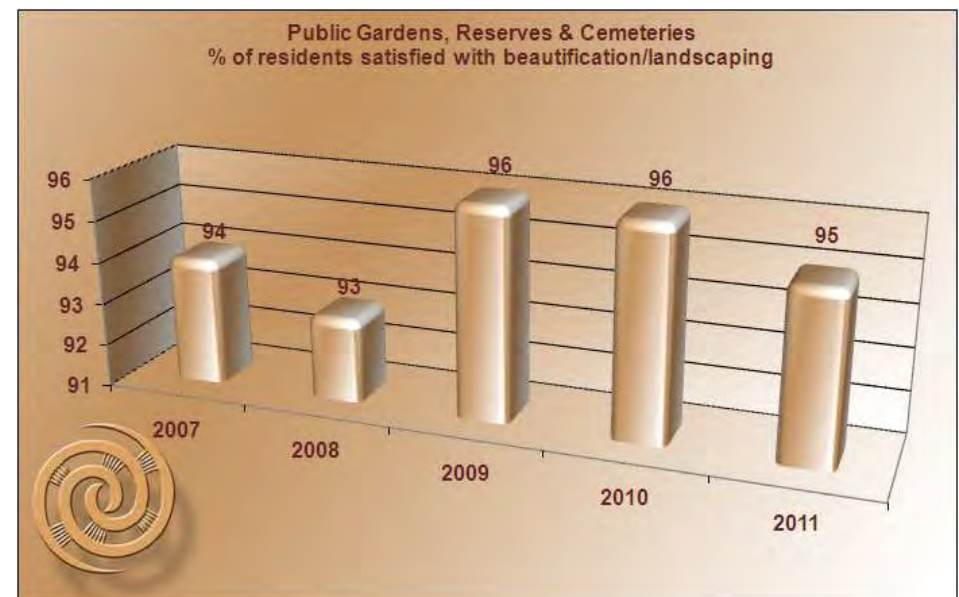
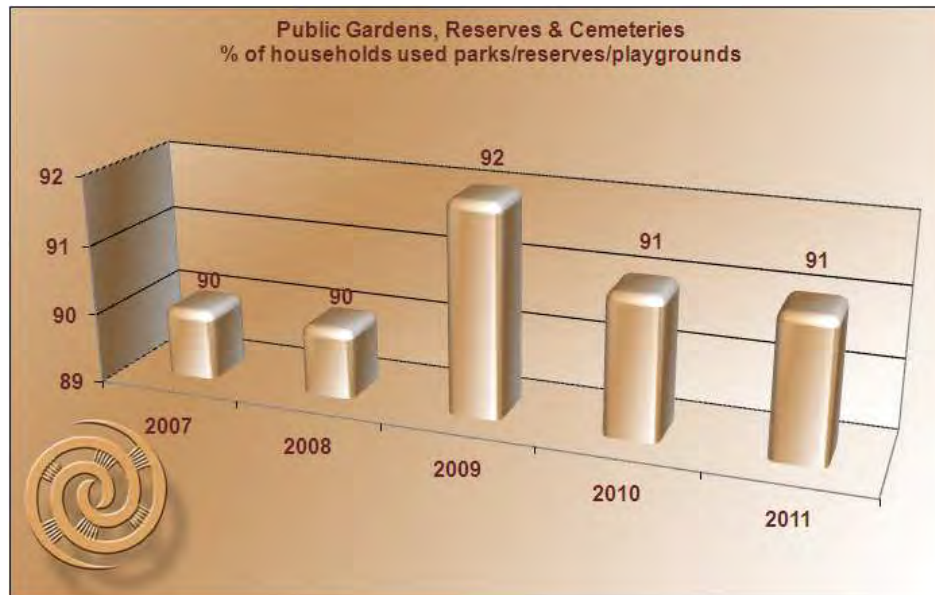


Public Gardens, Reserves and Cemeteries

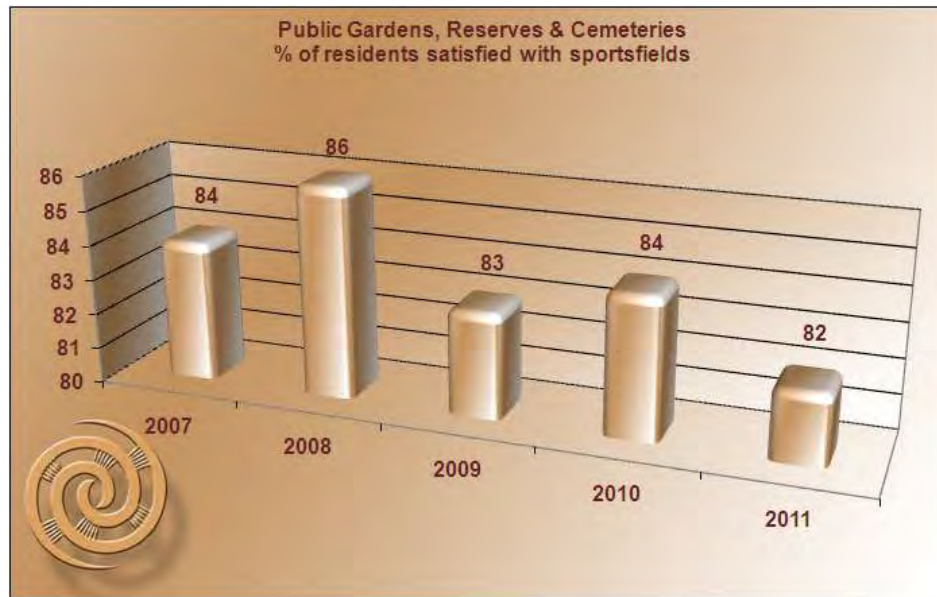
Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Public Gardens, Reserves and Cemeteries



DID YOU KNOW....

Rotorua District Council manages a total of 1,445 hectares of reserve land. This includes 379 individual parks, 268 hectares of neighbourhood reserves and 84 hectares of sportsfields for residents of Rotorua.

Public Gardens, Reserves and Cemeteries

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
<p>Labour intensiveness of all activities to maintain the asset result in high costs of maintenance and repairs to be recovered from ratepayers.</p>	<p>Use Yardstick Parkcheck Management Measures and Visitor Measures annual benchmarking reports which collect parks management and planning information to measure current performance and drive future improvements</p>
<ul style="list-style-type: none"> ▪ The cost of establishing and maintaining facilities versus the number of the participants in each code. ▪ Increased light spill from sports fields equipment with flood lights. ▪ Increased traffic congestion around peak activity periods. ▪ Increased noise pollution around sporting/recreation events. 	<ul style="list-style-type: none"> ▪ Undertake a 5-yearly review assessing sportsfields and sports facilities with user numbers for each sport and forecasted trends in user numbers. This will provide up to date, relevant information enabling informed decisions to be made ▪ Ensure appropriate measures to mitigate the effects of light spill, traffic congestion and noise are taken and monitored through the required planning and/or resource consent processes
<p>The Burials and Cremation Act 1964 (as amended) does not make provision for cemeteries to be used for any other purposes other than a cemetery – land designated for cemeteries will therefore be a cemetery for years to come. Cemeteries are perceived to have a negative effect on neighbouring property values.</p>	<p>Ensure measures identified through the required planning processes to mitigate any negative effects of a cemetery are undertaken.</p>

Asset management

Key assets

The key assets associated with this activity are the:

- Parks and reserves
- Flower beds/displays
- Playgrounds
- Walkways
- Forests
- Nursery
- Park furniture
- Buildings
- Minor wastewater treatment

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. Performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Public Gardens, Reserves and Cemeteries

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Eastside sportsfield development	-	-	-	540
	Boatramps development	24	52	-	27
	Carpark upgrade	300	-	-	-
	Cemetery development	-	-	-	542
	Entrance signage	20	21	-	459
	General reserve development	70	72	320	600
	Installation of new toilets	116	119	201	113
	Kuirau Park development	21	-	-	-
	Land purchase	3	56	71	1,278
	Lighting upgrade at southern area of Government Garden	180	-	-	-
	New berms and ash wall	-	-	25	31
	New toilet block	174	4	-	-
	Public toilet improvement	200	124	128	1,029
	Redevelopment of lake front area	200	155	160	1,875
	Reserves improvement	70	21	37	185
	Retaining wall and rebuild sportsfield	-	-	-	731
	Skate park development	155	-	220	-
	Tarawera Landing management	15	-	-	-
Tree Trust area development	-	-	-	59	
Walkways development	6	12	-	144	
Increased demand	Eastside sportsfield development	-	-	-	407
	Boatramps development	36	78	-	40
	Installation of new toilets	60	62	103	58
	Kuirau Park development	119	-	-	-
	Land purchase	9	176	225	4,046
	New playgrounds	-	-	-	153
Renewal and replacement	Westbrook field development	-	-	-	504
	Asset renewal	28	16	9	204
	Netball courts resealing	-	-	-	338
	Lighting upgrade at southern area of Government Garden	20	-	-	-
	New playgrounds	-	-	-	10
	New toilet block	31	1	-	-
	Parks and Tokorangi Triangle renewals	683	1,275	607	8,154
	Public toilet improvement	50	31	32	257
	Renewal	-	-	-	542
Roof, plant and bore renewal at nursery	72	-	14	492	
Westbrook field development	-	-	-	16	
Total		2,661	2,275	2,153	22,834

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Public Gardens, Reserves and Cemeteries

Public Gardens, Reserves and Cemeteries - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	7,970	7,812	8,963	9,063	9,659	9,737	10,273	10,755	11,510	11,961	11,414
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	(26)	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1,845	593	607	621	635	651	665	680	696	715	733
Local authorities fuel tax, fines, infringement fees and other receipts	2,502	2,865	2,448	2,015	2,178	2,294	2,320	2,339	2,486	2,612	2,747
Total operating funding (A)	12,292	11,270	12,018	11,699	12,472	12,682	13,258	13,774	14,692	15,288	14,894
Applications of operating funding											
Payments to staff and suppliers	3,370	3,229	3,245	3,292	3,307	3,386	3,456	3,625	3,677	3,711	3,714
Finance costs	976	865	894	928	928	1,021	1,078	1,159	1,206	1,230	1,256
Internal charges and overheads applied	7,157	6,107	6,338	6,568	6,813	7,071	7,340	7,557	7,816	8,090	8,319
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	11,503	10,201	10,477	10,788	11,048	11,478	11,874	12,341	12,699	13,031	13,289
Surplus (deficit) of operating funding (A - B)	789	1,069	1,541	911	1,424	1,204	1,384	1,433	1,993	2,257	1,605
Sources of capital funding											
Subsidies and grants for capital expenditure	3	-	-	-	50	-	2,000	-	-	-	-
Development and financial contributions	674	649	650	652	668	684	701	718	737	756	775
Increase (decrease) in debt	1,062	1,565	590	1,195	840	3,068	(1,701)	284	325	763	287
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,739	2,214	1,240	1,847	1,558	3,752	1,000	1,002	1,062	1,519	1,062
Applications of capital funding											
Capital expenditure											
- to meet additional demand	90	223	314	326	317	278	3,737	569	146	152	12
- to improve the level of service	1,094	1,554	638	1,165	836	3,142	1,406	532	480	925	290
- to replace existing assets	674	884	1,323	662	1,097	830	1,107	1,273	1,810	2,030	1,322
Increase (decrease) in reserves	670	622	506	605	732	706	(3,866)	61	619	669	1,043
Increase (decrease) in investments											
Total applications of capital funding (D)	2,528	3,283	2,781	2,758	2,982	4,956	2,384	2,435	3,055	3,776	2,667
Surplus (deficit) of capital funding (C - D)	(789)	(1,069)	(1,541)	(911)	(1,424)	(1,204)	(1,384)	(1,433)	(1,993)	(2,257)	(1,605)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

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

Highlights in the Long-term Plan include the Victoria Street Arterial, expansion of the Rotorua Transport Centre and developments within the CBD. The Rotorua Eastern Arterial is a NZTA project but Council will play a significant support role in implementation of this crucial project. The council will:

- Manage, administer, and maintain the local road network, including kerb & channelling, road marking, traffic signals, signage, street furniture, and street lighting.
- Plan, implement and manage improvements to the network.
- Prioritise and manage programme of road safety improvements.
- Provide, maintain and manage infrastructure to support walking, cycling and public transport (by providing and managing bus shelters and bus stops).
- Provide footpath and verge maintenance and construction in both urban and rural areas.
- Provide an ongoing programme of seal extension in the rural areas.

- Provide roadside mowing and vegetation control.
- Provide co-ordination, education, resources, support and advice to individuals, community groups and other agencies on road safety and alternatives to private passenger vehicles.
- Provide information and respond to the public on local highway issues.
- Provide local emergency response on highway corridors.
- Provide local area contact for the NZ Transport Agency for highways.
- Provide strategic planning advice.
- Act as delegated highway manager.
- Manage highway maintenance activities within nationally set levels of service.

Why we do it

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

DID YOU KNOW....

For almost eight years now Council has been working on the planning policy and designations necessary to develop the Victoria Street Arterial. This is a roading network that will link State Highway 5 (Old Taupo Road) through the southern side of the city to Te Ngae Road and ultimately connecting with the Rotorua Eastern Arterial. Over time it is expected that through traffic and all heavy vehicles will bypass the CBD and Amohau Street. When the Rotorua Eastern Arterial and the Victoria Street Arterial are connected, it is likely that the state highway, currently running through Amohau Street, will be restated through the Victoria Street Arterial. The advantages of this are:

- The efficient, safe roading network is strengthened
- Congestion on Te Ngae Road is reduced
- Heavy vehicles currently transiting the CBD will use Victoria Street, Amohau Street will become a local road and Rotorua Central Mall will reconnect with the CBD
- Reduced congestion on the Amohau/Amohia intersection and allowing further development of the Rotorua Central Mall, which is currently limited due to traffic congestion
- Overall improvement of the urban design of the CBD through the separation of local and through traffic.

Major projects

Over the course of the Long-term Plan a number of projects will be undertaken in accordance with the Rotorua Transport Strategy or as required under council policy. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Rotorua Eastern Arterial	New route connecting Rotorua CBD via Victoria Street Arterial with the airport. This is a key route to support commercial development in the east of Rotorua and provide an efficient commercial route between the Central North Island and Port of Tauranga.	Project investigation has been funded by NZTA.	2022 \$1,362,100	<ul style="list-style-type: none"> NZTA preparing scheme assessment with options included.
Victoria Street Arterial	New route on southern side of CBD linking SH 5 with SH 30 and proposed Rotorua Eastern Arterial. Integrates land use within CBD and allows growth in and around CBD which is currently limited due to traffic capacity on Amohau Street	Project now designated in District Plan by Environment Court.	2014-2018 \$54,962,600	<ul style="list-style-type: none"> Alternatives considered included bypass, Malfroy Road and upgrade of Amohau Street. The process has included extensive public consultation and legal appeals to the environment court.
Rotorua Transport Centre	Current transport centre is unable to cope with demand and has very limited linkage to local transport. Additional capacity is necessary to allow increased passenger numbers which is crucial for the district's economic development.	Project resulted from demand.	2013-2015 \$1,840,715	<ul style="list-style-type: none"> Alternative sites have been evaluated in Passenger Transport Study.
Rural seal extensions	Sealing of unsealed rural roads is covered by policy which requires 7km of road to be sealed each year. Council uses priority ranking basis.	Long-standing policy of Council.	\$12,887,434 across ten years	<ul style="list-style-type: none"> None.
Night Market	Development in line with the Urban Design Framework. Upgrades to the Night Market which are important projects to enhance the vitality and appeal of the CBD.	Included in Urban Design Framework for revitalisation of CBD due to concerns over functioning of CBD.	\$106,740	N/A





Major projects cont.

What is planned?	Why?	Background	Costs	Other options considered
Eat Streat development	Council's vision is to create a destination within Tutanekai Street that attracts people, providing a sense of arrival, provide alfresco dining opportunities that are safe, inviting and commercially viable and create an opportunity for public/private investment and co-operation.	<p>The council identified city centre revitalisation as one of the top priority actions following extensive community consultation in 2006. To achieve this, the council commissioned the Urban Design Framework, a document designed to provide an overarching concept and direction for new and existing developments and activities in the city centre.</p> <p>The framework is based on an activity precinct approach where some distinctive areas within the city centre have been identified for improvement.</p> <p>The framework is a long-term project that will be delivered in a series of smaller projects. Some of these smaller projects have already started, such as strengthening of Eat Streat activity, the Night Market, and delivery of the Lakefront Development Concept. The framework has also been integrated into the draft District Plan to ensure alignment between the plan and the regulatory framework.</p>	2013-14 \$813,840	<ul style="list-style-type: none"> Provide planning support for businesses to undertake work privately.



Measuring our achievements

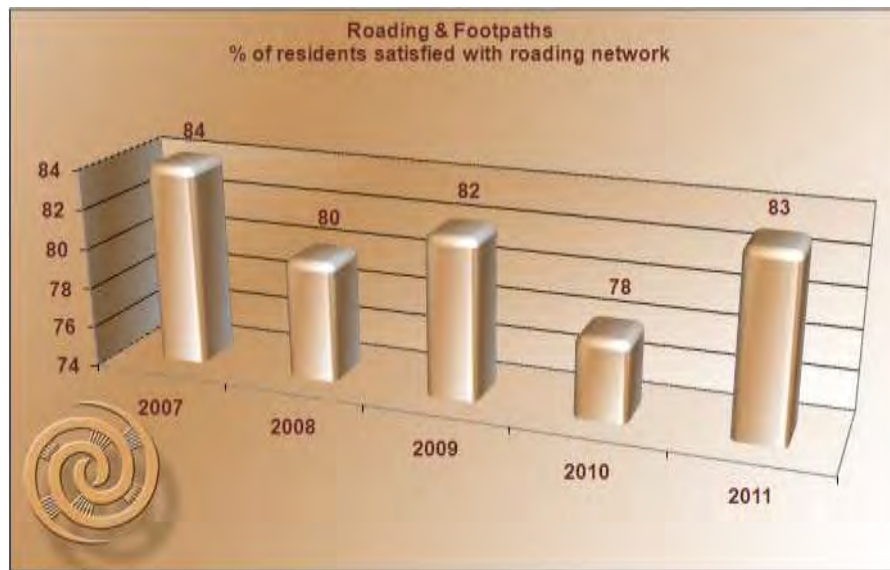
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Safe and Caring	<ul style="list-style-type: none"> By increased public awareness leading to reduced road injuries, deaths and crashes. By improved safety in public places and when travelling, from provision of a safe transport system. 	Provide a safe roading network.	Declining trend for injury crashes.	66	RDC crash database	65	64	63	Less than 63
 Facilities and services	<ul style="list-style-type: none"> By ensuring Rotorua is easy to get from place to place. 	Provision of an efficient well maintained roading network.	95% of public bus services run on time.	91%	Regional council and company records	Achieved	Achieved	Achieved	Achieved
			Cumulative road condition indice within 1.5% of national average.	Achieved	NZTA benchmarking data	Achieved	Achieved	Achieved	Achieved
			80% of residents are very/fairly satisfied with the roading network.	83%	Customer satisfaction survey	80%	80%	80%	80%
 Prosperous	<ul style="list-style-type: none"> By providing an attractive and lively city. 	Provide good utilisation of public parking.	70%-90% average parking occupancy during normal business hours.	Achieved where surveyed	Parking surveys	70-90%	70-90%	70-90%	70-90%
			65% of residents are very/fairly satisfied with parking in Rotorua city.	65%	Community satisfaction survey	65%	65%	65%	65%
 Environment	<ul style="list-style-type: none"> By providing roading services in a sustainable manner that mitigate the impact on our air and water resources. 	Provide educational and sustainability programmes that support the environment.	6 educational programmes delivered per year.	8	Programme register	6	6	6	6

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Air quality	Minimise congestion and maximise efficiency – plus traffic demand management measures.
Lake water quality	Treatment of road runoff – targeting risk with level of treatment.
Noise	Manage through the District Plan.
Vibration	Optimise commercial traffic on key routes and minimise on local roads.
Effects during construction – energy use, noise, vibration, nuisance, sediments, pollutants, disruptions, the use of non-renewable resources, public and site staff safety issues and production of waste.	Design projects around economies of scale, control of construction site issues, safe traffic management, use of recycled resource materials, integration and responsible waste disposal.
Delays in major projects because of funding.	Lobby government for funding for key projects that currently are affecting economic growth.
NZTA subsidised renewals and maintenance	Review to ensure no decreased levels of service across the network.

Asset management

Key assets

The key assets associated with this activity are:

▪ Roads	1,003km
▪ Parks roads	76km
▪ Footpaths	400km
▪ Parks carparks	76,000m ²
▪ Street lighting	5,749
▪ Bridges, culverts and structures	109
▪ Kerbs and channels	504.6km
▪ Traffic signals and controls	2
▪ Bus shelters	112
▪ Structures	40

Maintaining our assets

Council assets are maintained in accordance with the maintenance standards that are based on the operational levels of service in the Asset Management Plan. The Asset Management Plan details the full lifecycle process for the long term sustainable management of the assets.

NZTA has not approved Council's estimated roading network maintenance and renewal programme. A shortfall in funding from NZTA of \$2.5 million exists. NZTA believe the amount to be funded is sufficient to maintain the roading network. Council are concerned the funding is below what is required to maintain our network. There is a risk that this will result in a decrease in the level of service across our roading network.



Roads and Footpaths

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Level of Service/ Backlog	Amenity lighting	50	52	53	429
	Arawa -Ranolf roundabout development	-	-	500	1,300
	CBD upgrades	400	414	107	-
	Lake Road reconstruction	1,350	-	-	-
	Minor safety projects	520	537	555	4,453
	Rotorua Eastern Arterial complimentary work	-	-	-	1,362
	Rural seal extensions	1,104	1,142	1,178	9,463
	Rural street improvements	447	462	477	3,831
	Unsubsidised minor safety	35	36	37	300
	Upgrade of Malfroy/Old Taupo intersection	-	-	-	740
	Urban street improvements	313	241	249	1,997
	Victoria Street reconstruction	-	125	375	11,500
Increased demand	Upgrade of infrastructure	55	57	59	471
	Development of Maori and unformed roads	87	90	93	746
	Lake Road reconstruction	6,390	-	-	-
	Land acquisition	50	52	53	429
	New bus shelters	43	44	46	369
	Passenger transport centre	250	1,035	556	-
	Upgrade of Malfroy Old/Taupo intersection	-	-	-	960
	Victoria Street reconstruction	-	370	1,110	34,040
Renewals and replacements	Culvert renewals	129	133	137	1,101
	Drainage renewals	221	229	236	1,894
	Footpath renewals	144	149	154	1,234
	Lake Road reconstruction	1,260	-	-	-
	Parks roading renewals	85	88	91	729
	Pavement rehabilitation	1,503	1,555	1,604	12,883
	Renewal of Malfroy/Old Taupo intersection	-	-	-	300
	Road reseals	2,391	2,487	2,578	20,816
	Streetlights replacements	182	188	194	1,560
	Victoria Street reconstruction	-	5	15	460
Total		17,008	9,592	10,458	113,367

Activity assumptions used in providing this activity

This activity has been prepared in line with Council's significant forecasting assumptions.

Roads and Footpaths - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	12	8,992	8,567	8,983	8,996	9,303	9,838	9,977	10,079	10,483	10,593
Targeted rates (other than a targeted rate for water supply)	8,951	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	2,998	2,913	2,880	3,065	2,990	2,943	3,123	3,038	2,977	3,145	3,035
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	755	708	730	719	744	772	799	829	864	904	947
Total operating funding (A)	12,716	12,613	12,177	12,767	12,730	13,018	13,760	13,844	13,920	14,532	14,575
Applications of operating funding											
Payments to staff and suppliers	6,529	6,092	6,028	6,411	6,282	6,211	6,608	6,456	6,357	6,738	6,541
Finance costs	2,223	1,928	2,068	2,177	2,260	2,728	3,251	3,682	3,818	3,907	4,013
Internal charges and overheads applied	1,197	1,493	1,547	1,586	1,644	1,684	1,727	1,775	1,830	1,890	1,947
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	9,949	9,513	9,643	10,174	10,186	10,623	11,586	11,913	12,005	12,535	12,501
Surplus (deficit) of operating funding (A - B)	2,767	3,100	2,534	2,593	2,544	2,395	2,174	1,931	1,915	1,997	2,074
Sources of capital funding											
Subsidies and grants for capital expenditure	6,487	7,689	3,381	4,048	9,112	11,319	15,405	3,527	3,074	3,201	4,098
Development and financial contributions	243	213	220	226	296	369	441	517	596	679	764
Increase (decrease) in debt	1,486	3,203	2,764	2,850	4,013	4,033	4,872	2,877	2,835	2,948	3,651
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	8,216	11,105	6,365	7,124	13,421	15,721	20,718	6,921	6,505	6,828	8,513
Applications of capital funding											
Capital expenditure											
- to meet additional demand	6,761	6,861	1,650	1,924	7,706	11,438	16,395	766	297	308	320
- to improve the level of service	2,295	4,194	3,009	3,529	6,415	6,446	8,394	3,277	3,014	3,131	4,615
- to replace existing assets	4,954	5,953	4,833	5,005	5,218	5,444	5,824	5,851	5,927	6,174	6,406
Increase (decrease) in reserves	(3,027)	(2,803)	(593)	(741)	(3,374)	(5,212)	(7,721)	(1,042)	(818)	(788)	(754)
Increase (decrease) in investments											
Total applications of capital funding (D)	10,983	14,205	8,899	9,717	15,965	18,116	22,892	8,852	8,420	8,825	10,587
Surplus (deficit) of capital funding (C - D)	(2,767)	(3,100)	(2,534)	(2,593)	(2,544)	(2,395)	(2,174)	(1,931)	(1,915)	(1,997)	(2,074)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

Rotorua District Council owns the assets at Rotorua International Airport and leases them to an operating company, Rotorua Regional Airport limited (RRAL) – a council controlled trading organisation, in accordance with the Local Government Act 2002.

This activity plan is focussed on optimal management of the assets for the overall benefit of the community through their utilisation by the operating company.

Why we do it

To develop and maintain a domestic and international airport servicing the needs of Rotorua and wider Bay of Plenty residents, with operational capability for direct access to/from key New Zealand and Australian cities.


Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Blast fence design, supervision & construction	Reduce adverse effects of jet blast.	Northern starter extension built 2006 places jets near airport northern boundary.	To be built when required by airport operations. \$267,000.	<ul style="list-style-type: none"> Control adverse effects through management of airport operations.
Property - Purchases –	Airport Designation Condition	District Plan change in 2007 to facilitate runway extension.	Offers made when noise criteria outlined in district plan are met. Contingent on offer being accepted by owners.	Nil
Property - noise	Airport Designation Condition	District Plan change in 2007 to facilitate runway extension.	Offer made when noise criteria outlined in District Plan are met. Contingent on offer been accepted by owners. Estimated \$150,000 per annum.	Nil
Noise mitigation 830-877	Airport Designation Condition	District Plan change in 2007 to facilitate runway extension.	Contingent on offer being accepted by owners. Estimated \$75,000 per annum to 2016, estimated \$100,000 per annum 2017 onwards.	Nil
Southern Extension – trees obstacle limitation surface	Airport Designation	District Plan change in 2007 to facilitate runway extension.	Surveyed every 5 years and any infringing objects removed. Estimated \$50,000 every 5 years.	Nil
Wetlands mitigation	Airport Designation Condition	District Plan change in 2007 to facilitate runway extension.	\$420,000 2013-2016	Nil

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Excellent Facilities and Services	<ul style="list-style-type: none"> By contributing to an integrated transport system and a modern, safe airport for the region. 	Provide reliable infrastructure to enable local and trans-Tasman airlinks to and from Rotorua	No airport closures or flight delays caused by the failure of the airport infrastructure to meet industry safety and operational standards.	Achieved	Rotorua Regional Airport Ltd annual report	Achieved	Achieved	Achieved	Achieved
		Provide a safe airport	100% compliance with CAA regulations	100%	CAA report	100%	100%	100%	100%

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Destruction of wetland	Recreate a new wetland of equal size or restore a wetland of double the size.
Additional noise	Air noise contours and rules have been introduced to give certainty to development for both the airport and surrounding landowners.
Expectations not met – drain on council finances. The anticipated increase in landings and introduction of trans-Tasman flights does not meet expectations and the airport becomes a drain on council finances.	Promote / market Rotorua Airport to public on benefits of using Rotorua Airport as their departure point to Australia and the entry point for the Central North Island.

“Rotorua Airport – the new gateway to the central North Island”

Asset management

Key assets

The key assets associated with this activity are:

- Runway
- Buildings
- Land

Maintaining our assets

Airport landside assets are maintained by Council's maintenance contractors as per agreed specifications within service contracts. The performance of assets is regularly reviewed to

ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Airport airside assets are maintained by specialised maintenance contractors under the supervision of aviation consultants. Council airside assets are maintained to comply with legislative and Civil Aviation Authority rules as a minimum and to provide the assets for the safe operation of the airport. The service is reviewed

every three years to ensure it is up to date, meeting current levels of service requirements as effectively and efficiently as practicable. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at competitive cost to Council.

A separate asset management plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Blast fence development	-	-	267	-
	Property acquisition	225	233	454	3,830
	Landside and airside	291	179	120	2,863
	Tree removal	50	-	-	125
	Wetland mitigation due to extension of runway	100	103	107	110
Total		666	515	948	6,928

Activity assumptions used in providing this activity

This activity has been developed in line with Council's Significant Forecasting Assumptions.

DID YOU KNOW....

Air New Zealand provides services to and from Rotorua International Airport linking travellers directly to Auckland, Wellington, Christchurch and Sydney, Australia.

Rotorua Airport Infrastructure - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	768	1,050	1,270	1,673	1,766	2,191	2,297	2,901	3,035	3,180	3,333
Total operating funding (A)	4,768	5,050	5,270	5,673	5,766	6,191	6,297	6,901	7,035	7,180	7,333
Applications of operating funding											
Payments to staff and suppliers	97	115	118	122	126	130	134	138	142	148	151
Finance costs	4,222	4,111	4,044	3,931	3,858	3,839	3,794	3,805	3,765	3,773	3,668
Internal charges and overheads applied	54	172	188	196	204	196	200	205	211	217	224
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	4,373	4,398	4,350	4,249	4,188	4,165	4,128	4,148	4,118	4,138	4,043
Surplus (deficit) of operating funding (A - B)	395	652	920	1,424	1,578	2,026	2,169	2,753	2,917	3,042	3,290
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	1	1	-	-	(1)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	1	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	793	375	336	827	579	570	530	548	568	590	681
- to replace existing assets	-	291	179	120	165	477	450	392	141	1,072	166
Increase (decrease) in reserves	(398)	(14)	405	477	834	979	1,190	1,814	2,208	1,380	2,442
Increase (decrease) in investments											
Total applications of capital funding (D)	395	652	920	1,424	1,578	2,026	2,170	2,754	2,917	3,042	3,289
Surplus (deficit) of capital funding (C - D)	(395)	(652)	(920)	(1,424)	(1,578)	(2,026)	(2,169)	(2,753)	(2,917)	(3,042)	(3,290)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua (Ngongotaha, city and eastern suburbs) as well as identified rural lakeside communities.

Functions required for the provision of these services include:

- Strategic planning and improvement of sewerage networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing maintenance, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of flow and sewerage treatment effluent quality.
- Developing emergency and contingency plans to ensure the service is maintained during adverse events.
- Educating and informing the public regarding sewage services and sewerage systems.
- Developing funding policies and systems to enable continuing provision of the service into the future.

Rotorua's key wastewater assets are summarised as follows:

- 1 central wastewater treatment plant
- 1 composting plant
- 1 land effluent disposal system
- 68 pumping stations
- 7,270 manholes
- 418km of sewer gravity and rising mains
- 20,300 lateral connections

Why we do it

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.



Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Rural and lakeside wastewater schemes: <ul style="list-style-type: none"> ▪ Hamurana/Awahou ▪ Gisborne Pt/Hinehopu (Rotoiti) ▪ Rotoma ▪ Mamaku ▪ Tarawera 	The replacement of septic tanks within the catchments of the Rotorua lakes with reticulated sewerage schemes is a key part of the strategy to improve the quality of lake water.	Extensive studies of nutrient inputs to Rotorua lakes has led to a programme of sewerage of lakeside and rural communities.	2013 Hamurana/Awahou \$3,500,000 2013-2015 Gisborne Pt/ Hinehopu (Rotoiti) \$14,276,800 2013 Rotoma \$11,004,000 2013-2016 Mamaku \$7,625,000 2017-2019 Tarawera \$16,401,000	<ul style="list-style-type: none"> ▪ There are no other options to remove the input of septic tanks to the lakes. ▪ The alternative to a community sewerage scheme is the regional council requirement that all existing septic tanks must be replaced by modern OSET tanks at a high individual cost.
Reporoa wastewater scheme	The Reporoa village has had historic problems with high water tables reducing the effectiveness of septic tank and effluent disposal systems.	A reticulated sewer system will eliminate these problems and improve public health and environmental outcomes.	2019-2021 \$6,418,000	<ul style="list-style-type: none"> ▪ There are no other viable options.
Terax thermal deconstruction plant	This project will achieve the aim of beneficially re-using waste products from the treatment process, reducing biosolid disposal costs and providing a low-cost carbon source for use in the treatment process.	The process has evolved through a partnership with SCION and a pilot plant is currently operating to confirm the viability and operating parameters of the full scale plant.	2013-2015 \$5,206,720 External funding of \$3.9 million	<ul style="list-style-type: none"> ▪ Various options for disposal of biosolids have been explored including landfilling, vermicomposting and combustion for energy generation. This process provides the most promising benefits for this and possibly other waste streams.




Major projects cont.

What is planned?	Why?	Background	Costs	Other options considered
Land treatment renewal	The existing area for effluent irrigation is not providing the desired level of nutrient removal, and there are some potential conflicts in land use with other users. Additional area would reduce the effluent loading to more acceptable levels.	It is currently not possible to meet one of the consent parameters relating to nutrient removal in the Whakarewarewa Forest. The forest manager also has concerns about shared use of the forest alongside commercial forestry operations.	2016 \$3,306,900	<ul style="list-style-type: none"> The community will always produce significant amounts of treated effluent. The only options are discharge direct to water or to land, or additional treatment and re-use. Cultural and aesthetic concerns preclude disposal to water and re-use.
Eastern and Victoria Street Arterial services moving	Large roading reconstruction projects always carry a requirement for replacement or moving of underground services within the road corridor. While some are funded by the roading project budget, there are invariable costs which have to be met by the relevant utility authority.	Both these roading projects have been planned for some time, and are now within the ten year horizon of this plan.	2017-2018 Eastern Arterial \$400,000 2016 Victoria Street \$400,000	<ul style="list-style-type: none"> There are no other options.



Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Healthy	<ul style="list-style-type: none"> By providing a sanitary wastewater collection and treatment service. 	Provide sewerage systems that are safe, reliable and sustainable.	Reduction in number of household unit equivalents discharging to septic tanks.	New measure	Completion report of all new schemes installed	Hamurana 560 Rotoiti 480 Rotoma 252 connected	N/A	Tarawera 393 Mamaku 243 connected	N/A
			Less than 14 overflows caused by network faults (per 100km of mains) annually.	13.8	Overflows report	14	14	14	14
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing good, quality infrastructure for the future. 		95% of customers are very/fairly satisfied with wastewater services.	97%	Community satisfaction survey	95%	95%	95%	95%
			95% of overflows responded within 1 hour.	New measure	Hansen database	95%	95%	95%	95%
 Environment	<ul style="list-style-type: none"> By protecting the environment and lake water quality through wastewater treatment. 		100% of consent conditions complied with.	99%	Bay of Plenty Regional Council compliance reports	100%	100%	100%	100%

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Greater quantities of sewage and sludge due to increasing population and business activity.	Ongoing asset and activity management planning to ensure infrastructure has the required capacity.
Environmental impact of sewage on lake water quality.	Ongoing management and capital works to ensure that Resource Consent conditions are met.
Sewage overflows during wet weather.	Planned replacement and/or upgrades of pipework and infrastructure.
Odour from wastewater treatment plant sludge.	Ensure that parameters within odour management plan are complied with.

Asset management

Key assets

The key assets associated with this activity are the:

- Buildings – Pump Stations 83
- Low pressure grinder pump station 828
- Gravity mains 415.816 km
- Pressure mains 132.3 km
- Structures (tanks, wet wells, manholes) 8018 No.

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Wastewater treatment and disposal upgrade	-	-	-	3,307
	New sewerage scheme at Gisborne Pt/Hinehopu (Rotoiti)	520	3,331	1,880	-
	New sewerage scheme at Hamurana and Awahou	1,050	-	-	-
	New sewerage scheme at Mamaku	45	233	648	2,505
	Reporoa sewerage scheme	-	-	-	6,418
	Terax thermal deconstruction plant	3,100	2,107	-	-
Increased demand	New sewerage scheme at Gisborne Pt/Hinehopu (Rotoiti)	780	4,966	2,820	-
	New sewerage scheme at Hamurana and Awahou	2,450	-	-	-
	New sewerage scheme at Mamaku	55	285	793	3,062
	New sewerage scheme at Rotoma	4,800	6,204	-	-
	New sewerage scheme at Tarawera	-	-	-	16,401
Renewal and replacement	Land treatment renewals	364	2,270	19	2,110
	Pump station renewals	172	103	256	3,211
	Treatment plant renewals	240	2,296	262	7,662
	Urban sewer pipelines replacements	1,500	1,035	1,067	9,476
Total		15,076	22,830	7,746	54,151

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

In addition an assumption has been made that council will receive a subsidy for the TERAX thermal deconstruction plant. An application has been submitted to the Ministry for the Environment. If this application is not successful the project will not proceed.

Sewerage and Sewage - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	10,156	10,131	10,229	10,432	10,639	10,957	11,286	11,624	11,971	12,329	12,697
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	5	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	761	768	800	837	866	903	930	958	990	1,024	1,060
Local authorities fuel tax, fines, infringement fees and other receipts	477	1,024	831	839	1,036	1,029	1,149	1,258	1,330	1,491	1,696
Total operating funding (A)	11,399	11,923	11,860	12,108	12,541	12,889	13,365	13,840	14,291	14,844	15,453
Applications of operating funding											
Payments to staff and suppliers	4,263	5,790	5,691	5,659	5,440	5,629	5,724	5,927	6,146	6,316	6,524
Finance costs	496	787	937	1,291	1,707	1,751	1,892	2,153	2,394	2,490	2,482
Internal charges and overheads applied	3,341	2,729	2,831	2,923	3,025	3,080	3,161	3,251	3,350	3,456	3,555
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	8,100	9,306	9,459	9,873	10,172	10,460	10,777	11,331	11,890	12,262	12,561
Surplus (deficit) of operating funding (A - B)	3,300	2,617	2,401	2,235	2,369	2,429	2,588	2,509	2,401	2,582	2,892
Sources of capital funding											
Subsidies and grants for capital expenditure	6,925	10,766	7,935	-	4,700	-	-	6,838	-	2,500	-
Development and financial contributions	264	231	239	246	322	401	480	562	648	738	831
Increase (decrease) in debt	-	-	-	-	1	-	-	(2)	(1)	2	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	1,346	1,293	2,068	2,542	2,185	1,788	1,804	3,613	2,295	3,214	2,473
Total sources of capital funding (C)	8,535	12,290	10,242	2,788	7,208	2,189	2,284	11,011	2,942	6,454	3,304
Applications of capital funding											
Capital expenditure											
- to meet additional demand	12,786	8,099	11,435	3,601	3,062	456	3,532	12,413	-	-	-
- to improve the level of service	2,087	4,701	5,670	2,540	5,812	-	-	243	3,029	3,146	-
- to replace existing assets	2,851	2,276	5,704	1,605	2,386	4,113	2,083	4,957	3,583	2,542	2,796
Increase (decrease) in reserves	(5,888)	(169)	(10,166)	(2,723)	(1,683)	49	(743)	(4,093)	(1,269)	3,348	3,400
Increase (decrease) in investments											
Total applications of capital funding (D)	11,836	14,907	12,643	5,023	9,577	4,618	4,872	13,520	5,343	9,036	6,196
Surplus (deficit) of capital funding (C - D)	(3,300)	(2,617)	(2,401)	(2,235)	(2,369)	(2,429)	(2,588)	(2,509)	(2,401)	(2,582)	(2,892)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

- Maintain stormwater systems and operate to manage drainage of excess rainfall.
- Develop and implement programmes to progressively improve stormwater systems in areas that experience localised flooding usually resulting from extreme rainfall episodes.
- Manage an integrated approach to planning and maintaining a stormwater 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 stormwater facilities to assist in the provision of a fully functional stormwater system.

Climate change and Rotorua District

With current knowledge the district is likely to be impacted in the following ways:

Temperature (winter)	plus 2 to 3°C
Rainfall (total)	0 to minus 5% (mid range)
Rainfall intensity	plus 4.3% to plus 8% per 1°C increase
Drought frequency	about a four fold increase (soil moisture deficit)
Ex-tropical storm risk	about same as current risk

Note:



The above information is summarised from the National Institute for Water and Atmospheric Research (NIWA) and is based on 2080 predictions. What this shows is that Rotorua will almost certainly have increased temperatures, higher intensity rainfalls and increased drought risk but there is considerable uncertainty regarding total rainfalls. Total rainfalls are important for lake levels, and possibly in the longer term for groundwater availability.

Why we do it

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

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

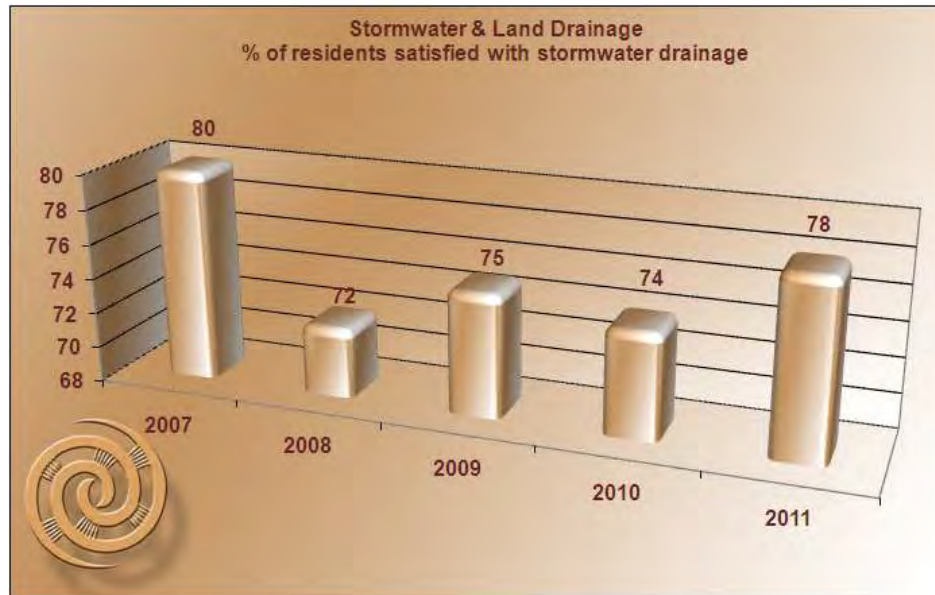
Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Environment	<ul style="list-style-type: none"> By controlling the level of pollutants in stormwater flows and protection of natural stream channel environments. This contributes to improved lake water quality. 	Provide a stormwater network that minimises the impact on the environment	No breaches of consent conditions	Achieved – no breaches	Consents database	Achieved	Achieved	Achieved	Achieved
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing good quality infrastructure that will last for another 50-100 years. 	Provide a stormwater network that minimises the impact of flooding to people, their properties and livelihoods.	Less than 3 dwellings per year affected by floodwaters	2	Flood report	<3	<3	<3	<3
			95% of blockages responded to in 24 hours	98%	Contractors records	95%	95%	95%	95%
			80% of people very/fairly satisfied with stormwater drainage schemes.	78%	Community satisfaction survey	80%	80%	80%	80%



Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Negative environmental impact on waters received downstream.	Current water services bylaw licensing. Investigate and develop treatment options of stormwater run-off. Optimise street sweeping regimes.
Flood damage to property.	Manage and control extreme discharges
Developers drive/influence where system upgrades are needed due to where development occurs.	Work closely with Planning departments during resource consent stage of new developments

Asset management

Key assets

The key assets associated with this activity are the:

▪ Major pipelines	243,134m
▪ Open ended culverts	6,848m
▪ Manholes	5,289
▪ Subsoil drains	9,407m
▪ Open drains	148km
▪ Timber lined drains	1,426m
▪ Silt traps	4
▪ Pump station	2
▪ Inlet/Outlet structures	5,357
▪ Flood detention dams	3
▪ Resource consents	71

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.



Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Stormwater renewals	80	162	168	1,205
	Stormwater upgrades	175	181	187	1,500
Increased demand	Stormwater upgrades	246	255	263	2,109
Renewal and replacement	Stormwater renewals	978	1,729	1,783	13,056
Total		1,479	2,327	2,401	17,870

Activity assumptions used in providing this activity

This activity has been prepared in line with Council's significant forecasting assumptions.

Stormwater and Land Drainage

Stormwater and Land Drainage - Funding Impact Statement

	Annual Plan Budget	Long-term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	454	3,326	4,154	4,289	4,393	4,371	4,515	4,684	4,838	4,989	5,143
Targeted rates (other than a targeted rate for water supply)	2,000	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	112	120	124	128	132	136	140	144	148	153	158
Total operating funding (A)	2,566	3,446	4,278	4,417	4,525	4,507	4,655	4,828	4,986	5,142	5,301
Applications of operating funding											
Payments to staff and suppliers	294	433	445	459	474	490	503	518	534	552	570
Finance costs	484	730	762	803	803	894	956	1,032	1,079	1,113	1,154
Internal charges and overheads applied	1,258	1,340	1,391	1,434	1,488	1,526	1,563	1,607	1,658	1,712	1,760
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,036	2,503	2,598	2,696	2,765	2,910	3,022	3,157	3,271	3,377	3,484
Surplus (deficit) of operating funding (A - B)	530	943	1,680	1,721	1,760	1,597	1,633	1,671	1,715	1,765	1,817
Sources of capital funding											
Subsidies and grants for capital expenditure	5	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	49	43	44	45	59	74	89	104	120	136	153
Increase (decrease) in debt	415	254	345	354	366	357	369	380	395	410	426
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	469	297	389	399	425	431	458	484	515	546	579
Applications of capital funding											
Capital expenditure											
- to meet additional demand	104	246	255	263	271	280	290	299	310	322	335
- to improve the level of service	415	255	344	354	367	357	369	381	395	410	426
- to replace existing assets	530	978	1,729	1,784	1,852	1,710	1,766	1,825	1,893	1,966	2,043
Increase (decrease) in reserves	(50)	(239)	(259)	(281)	(305)	(319)	(334)	(350)	(368)	(387)	(408)
Increase (decrease) in investments											
Total applications of capital funding (D)	999	1,240	2,069	2,120	2,185	2,028	2,091	2,155	2,230	2,311	2,396
Surplus (deficit) of capital funding (C - D)	(530)	(943)	(1,680)	(1,721)	(1,760)	(1,597)	(1,633)	(1,671)	(1,715)	(1,765)	(1,817)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



What we do

This activity covers:

- Refuse collection
- Waste management
- Landfill

- Provides a weekly refuse collection service for residential properties.
- Manages and provide recycling and re-use services.
- Plans, provides and manages waste disposal facilities.

- Provides litter collection and management services.
- Provides waste minimisation education to the community.
- Provides and operate transfer stations for rural communities.
- Receives and disposes of domestic hazardous wastes.

Why we do it



To manage the collection, reduction, re-use, recycling and disposal of waste in an environmentally sustainable manner.

Major projects

What is planned?	Why?	Background	Costs	Other options considered
Organic waste processing	Treatment of organic waste using the TERAX process. Has the potential to extract value from 65% of the current land-filled waste stream.	Organic waste is the largest portion of the waste stream and causes most environmental effects. Council's strategy is to have a long term sustainable solution to treat such wastes. The TERAX process will treat all types of organic material.	2013 -2014 \$5,611,820 External funding of \$1.5m	<ul style="list-style-type: none"> ▪ Continue with dumping direct to the landfill. This will increase costs as the taxes on the volume of tonnage sent to the landfill have increased. ▪ Undertake organic waste processing – reduced cost overtime.
Leachate treatment	On-site treatment at landfill of leachate which is currently treated at the wastewater treatment plant. Has potential to reduce nitrogen load on plant by about 40 tonnes per year.	Complementary to the organic waste treatment process is the need to manage nutrients. Nutrients are currently recycled to the treatment plant adding treatment cost and using capacity. This project will break the cycle and add capacity to the wastewater treatment plant.	2013-2015 \$1.4m	<ul style="list-style-type: none"> ▪ Council has looked at several other options including denitrification and zeolite filtering.

Measuring our achievements

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 Environment	<ul style="list-style-type: none"> By encouraging waste reduction and minimisation. By looking after our air, land and water resource. 	Provide sustainable recycling facilities for household, green waste and concrete.	Percentage of green waste and concrete recovered from total amount landfilled.	16%	Waste database	15%	17%	19%	20%
			Number of tonnes per annum of recycled material recovered.	New measure	Waste database	4,250 tonnes	4,470 tonnes	4,690 tonnes	5,700 tonnes
		Minimise impact on environment.	No breaches of consent conditions notified by Regional Council.	1 breach	Consent database	Achieved	Achieved	Achieved	Achieved
 Excellent Facilities and Services	<ul style="list-style-type: none"> By providing good quality infrastructure for the future. 	Provide sustainable disposal facilities.	Less than 55,000 tonnes rubbish/waste landfilled annually.	53,413 tonnes	Weighbridge	55,000	55,000	55,000	55,000
		Provide efficient household waste collection service.	95% of residents very/fairly satisfied with refuse collection service.	94%	Customer satisfaction survey	95%	95%	95%	95%



DID YOU KNOW....

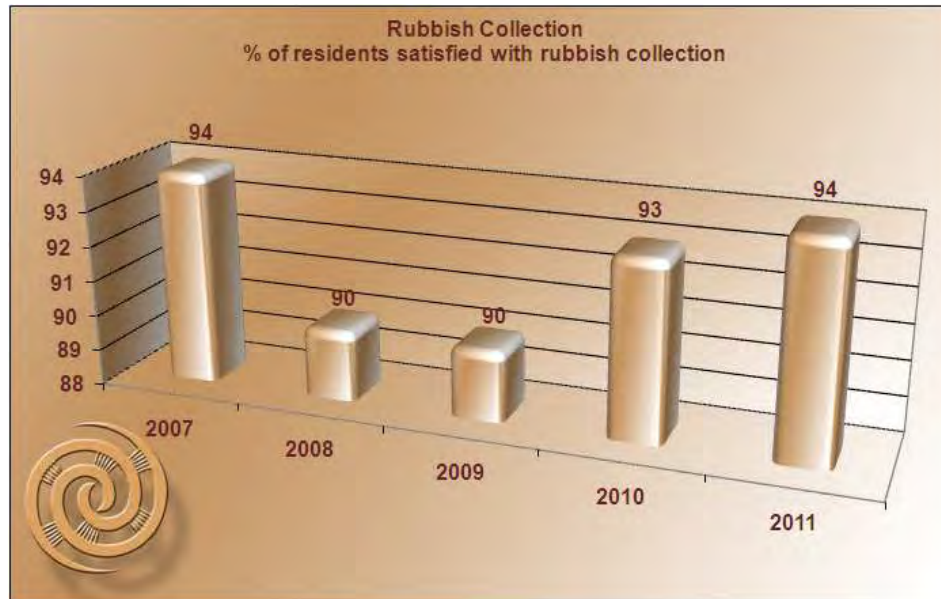
Expansion of the Te Ngae Road recycling centre completed in December 2011 included doubling of capacity, two additional recycling bays and enhanced traffic management. The upgraded facility now includes a larger facility for the sale of second-hand goods and a purpose build e-waste facility.

The upgrade took 4 months to complete and cost \$930,000.

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Leakage of contaminants from Landfill to surrounding environment	Provision of emergency overflow with back-up Upgrade of leachate disposal system
Greenhouse gasses produced by the Landfill	Provision of gas collection system and flare
Illegal dumping/tipping of waste	Combination of education, enforcement and provision of affordable disposal facilities
Litter creating unsightly nuisance	Combination of provision of facilities, clean-ups, education and community involvement

DID YOU KNOW....

RDC collects refuse from around 25,000 properties in the Rotorua district, equating to nearly 2 million bags per year. RDC sends approximately 4,000 tonnes to the recycling centre annually.

Asset management

Key assets

The key assets associated with this activity are the:

- Landfill 1
- Recycling Centre 1
- Transfer Stations 4 (Birch Road, Mamaku; Kapenga Street, Reporoa; Tarawera Road, Tarawera; Okere Road, Okere)
- TERAX Pilot Plant 1

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Organic waste, gas flaring, leachate project	400	517	1,388	3,307
Renewals and replacements	Landfill renewals	106	110	327	2,728
Total		506	627	1,715	6,035

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

In addition an assumption has been made that council will receive a subsidy for the TERAX thermal deconstruction plant. An application has been submitted to the Ministry for the Environment. If this application is not successful the project will not proceed.



Waste Management - Funding Impact Statement

	Annual Plan Budget 2011/12 (\$000)	Long-term Plan Budget >>									
		2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	1,025	1,052	1,087	1,119	1,154	1,188	1,221	1,256	1,295	1,338	1,376
Targeted rates (other than a targeted rate for water supply)	2,042	2,103	2,176	2,245	2,318	2,398	2,476	2,560	2,654	2,757	2,865
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1,450	1,317	1,100	1,031	1,063	1,098	1,129	1,161	1,198	1,238	1,279
Local authorities fuel tax, fines, infringement fees and other receipts	4,882	5,620	5,632	5,644	6,443	6,457	6,469	7,386	7,400	7,551	8,802
Total operating funding (A)	9,399	10,092	9,995	10,039	10,978	11,141	11,295	12,363	12,547	12,884	14,322
Applications of operating funding											
Payments to staff and suppliers	4,176	4,030	4,413	4,548	4,692	4,844	4,981	5,124	5,286	5,463	5,644
Finance costs	466	374	307	278	439	519	443	340	209	213	243
Internal charges and overheads applied	3,496	3,941	4,073	4,193	4,324	4,437	4,557	4,683	4,827	4,983	5,123
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	8,138	8,345	8,793	9,019	9,455	9,800	9,981	10,147	10,322	10,659	11,010
Surplus (deficit) of operating funding (A - B)	1,261	1,747	1,202	1,020	1,523	1,341	1,314	2,216	2,225	2,225	3,312
Sources of capital funding											
Subsidies and grants for capital expenditure	-	300	388	812	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,000	-	-	-	2	(1)	(1)	(1)	1	1	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,000	300	388	812	2	(1)	(1)	(1)	1	1	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	1,043	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,000	400	517	1,388	3,307	-	-	-	-	-	-
- to replace existing assets	150	106	110	327	1,936	121	125	129	134	139	144
Increase (decrease) in reserves	68	1,541	963	117	(3,718)	1,219	1,188	2,086	2,092	2,087	3,168
Increase (decrease) in investments											
Total applications of capital funding (D)	2,261	2,047	1,590	1,832	1,525	1,340	1,313	2,215	2,226	2,226	3,312
Surplus (deficit) of capital funding (C - D)	(1,261)	(1,747)	(1,202)	(1,020)	(1,523)	(1,341)	(1,314)	(2,216)	(2,225)	(2,225)	(3,312)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0



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.

Functions carried out in providing the service include.

- Strategic planning and improvement of water networks to provide for growth within the district.
- Planning and implementation of renewal work to ensure infrastructure is maintained.
- Developing of maintenance planning, levels of service and quality standards.
- Management and maintenance of assets and services including monitoring of pressure, flow and water quality.
- Developing of emergency and contingency plans to ensure service is maintained during adverse events.
- Provision of information and education to the public regarding water use and conservation.
- Development of funding policies and systems to enable continuing provision of the service into the future.

Rotorua's key water supply assets are summarised as follows:

- 9 water sources
- 16 pump stations
- 22 reservoirs
- 24,000 connections
- 688km of pipe work

Council will, in areas where it is cost-effective to do so, provide a supply of drinking water which is "safe." The commercial / industrial sector, including dairy farming, also expects Council (in currently served areas) to ensure there is adequate water provided for these businesses to operate and develop. Council will ensure, through strategies and sound planning, that these services will be available to areas of the district in which growth and development is expected.

The Health Act 1956 (section 23) requires councils to improve, promote and protect public health. Whilst not expressly requiring councils to provide a public water supply, the provision of a safe, potable water supply to dwellings contributes significantly towards this objective.

The Local Government Act 2002 requires councils currently providing public water supplies to continue to do so.

Why we do it

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

Major projects

Over the course of the Long-term Plan a number of projects will be undertaken to change levels of service, catch up on deferred works or to provide for additional growth or demands. These projects include:

What is planned?	Why?	Background	Costs	Other options considered
Investigation into potential alternative source for Ngongotaha.	The resource consent for the existing Taniwha Springs expires in 2018. Council will need a water supply with an adequate water source beyond 2018.	Local iwi Ngati Rangiwewehi have a special relationship with the existing spring and its land, and opposed the issuing of the current consent. In the interests of recognising this association with the spring and building a good relationship between Council and Ngati Rangiwewehi, efforts are to be made to find an alternative source.	2013-2015 \$2.15m (if corresponding funding can be obtained towards this work from central government)	<ul style="list-style-type: none"> Seek continuation of existing resource consent. Investigate alternate water sources.
Reservoir earthquake protection valves	If in an earthquake major water supply pipes are broken and pumps or sources damaged, it is important that stored water is conserved. Automatic shut-off valves can prevent loss of stored water through broken reservoir pipes.	Council has evaluated risks to business continuance resulting from natural disasters, and this is one of the identified risks and is the recommended solution.	2013 and 2014 \$100,000	<ul style="list-style-type: none"> Continued exposure to the existing risk.
Eastern/Central emergency link	Each of the two water supplies (Eastern and Central) relies on a single water source. In the event of a major failure or problem with one source, a link would enable a limited supply of water to be provided from the neighbouring supply.	Council has evaluated risks to business continuance resulting from natural disasters or source failures. The reliance on single sources requires some form of risk mitigation.	2016 \$500,000	<ul style="list-style-type: none"> Continued exposure to risk.
Fire main upgrades and connections	Portions of the network do not fully comply with fire fighting flow requirements due to under-capacity pipelines. The upsizing of specific pipes will enable full compliance. This applies in both the Urban and Mamaku network.	Council has adopted the NZ Fire Service Code of Practice for Fire Fighting Water Supplies as the standard to meet for fire fighting capacity in its networks. Areas of deficiency have been identified.	2014/15 Urban \$530,000 2013 Mamaku \$50,000	<ul style="list-style-type: none"> Non-compliance with standards and risk of property loss due to insufficient fire fighting capacity.



Major projects cont.

What is planned?	Why?	Background	Costs	Other options considered
Network sectorisation/ pressure management	In order to quantify and limit losses in the network, it is necessary to be able to analyse small portions one at a time. Changes to the network have been identified which will enable this, and to manage pressures in specific areas, which will reduce leakage and losses.	The Rotorua District Water Conservation Strategy 2009 has evaluated options to improve system efficiency, and this work is recommended	2013-2015 \$1.53m	<ul style="list-style-type: none"> Universal metering could assist with quantifying losses, but not with loss reduction. Continue with current unacceptable level of losses.
Eastern and Victoria Street Arterial services moving	Large roading reconstruction projects always carry a requirement for replacement or moving of underground services within the road corridor. whilst some are funded by the roading project budget, there are invariable costs which have to be met by the relevant utility authority.	Both these roading projects have been planned for some time, and are now within the ten year horizon of this plan.	2017-2018 Eastern Arterial \$600,000 2016 Victoria Street \$400,000	<ul style="list-style-type: none"> There are no other options.



Measuring our achievements

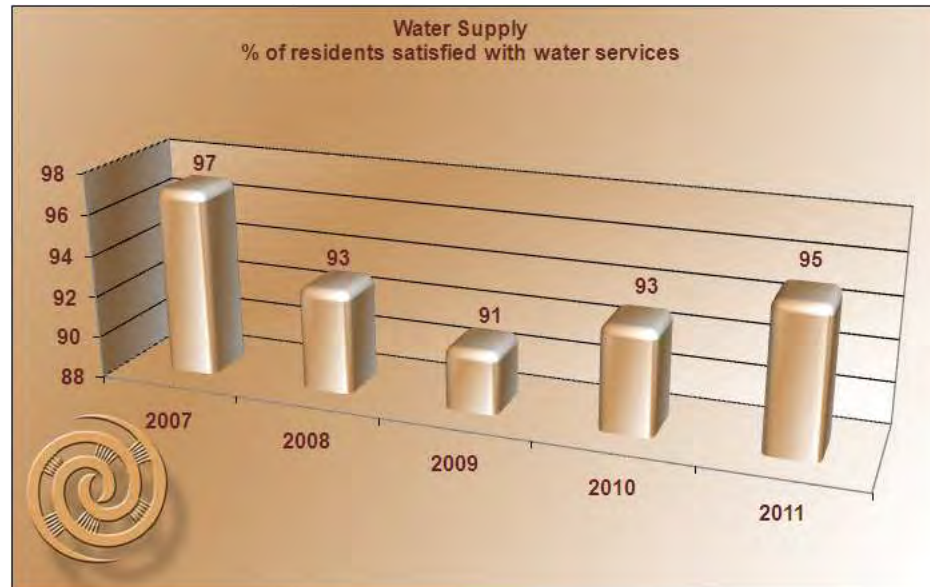
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Community outcome	How council contributes	Level of service (What we will do)	Performance measure	Performance targets					
				Current performance 2010/11	Data source	2012/13	2013/14	2014/15	2016 to 2022
 <p>Safe and Caring</p>	<ul style="list-style-type: none"> By ensuring safe public places. By minimising risks from nuisances and offensive behaviour 	Provide water to households that is safe to drink, sustainable and has adequate pressure and flow.	100% compliance with the Drinking Water Standards New Zealand monitoring requirements.	Not achieved	Water information NZ database records	100%	100%	100%	100%
			Achieve MOH gradings of minimum Cc across all water supplies.	Ec	MOH gradings report	Achieved	Achieved	Achieved	Achieved
			Less than 3 per 1000 properties lodge a complaint regarding low pressure during normal operating conditions.	New measure	Complaints system	Achieved	Achieved	Achieved	Achieved
			90% of customers satisfied with water services as measured by annual survey.	95%	Customer satisfaction survey	90%	90%	90%	90%
		95% of breaks responded to within 1 hour.	New measure	Asset management work order system	95%	95%	95%	95%	
		Provide educational programmes to ensure efficient use of water.	3 education programmes delivered per year.	New measure	Programme register	3	3	3	3
 <p>Excellent Facilities and Services</p>	<ul style="list-style-type: none"> By protecting and preserving public health. By providing effective responses to developing health issues. 	Provide an adequate water supply for fire fighting purposes within urban fire districts.	95% of hydrants within the urban fire district meet the requirements of the NZFS CoP for Firefighting Water Supplies under normal operating conditions.	98%	NZFS random flow testing results	95%	95%	95%	95%

Performance

In order to plan for the future and ensure services are meeting our community's needs and expectations we assess past performance and feedback from the community.

Community Satisfaction Survey Results



Asset management

Key assets

The key assets associated with this activity are the:

- Buildings
- Land
- Structures (reservoirs, civil works)
- Pipelines
- Mechanical and electrical plant

Issues/Risks/Negative impacts

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community/district. The negative effect could be physical or a perception.

Issue/Risk/Negative impact	Action Plan
Unable to renew resource consent for water abstraction of Ngongotaha	Work with local iwi to work towards agreement for renewal of resource consent. Investigate potential new water sources should new resource consent not be granted.
Input of water into wastewater system	Rotorua District Council has in place and follows a water conservation strategy and a trade waste bylaw to regulate discharges to the waste water system.
High cost of water abstraction	All water schemes are paid for by users.

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council. A separate Asset Management Plan details the full lifecycle management of the asset/s.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Increase level of service/backlog	Additional logging equipment	7	-	-	-
	Eastern reservoir reticulation upgrade development contribution funded	-	-	-	354
	Extension to Mamaku water network	50	-	-	-
	General Eastern reservoir 3 partially development contribution funded	50	310	1,921	-
	Network improvement	1,093	2,160	1,953	4,433
	Ngongotaha bore source	50	52	-	-
	Pump improvements development contribution funded	238	246	-	-
	Pump station plant improvements	19	19	20	161
Increased demand	Eastern duplicate rising improvements development contribution funded	-	-	-	441
	Eastern reservoir reticulation upgrade development contribution funded	-	-	-	2,121
	Pump improvements development contribution funded	1,162	1,202	-	-
	Wharenui trunk reticulation improvements	-	-	-	2,018
Renewal and replacement	Meter renewals	37	38	40	318
	Monitoring equipment replacement	10	10	11	86
	Plant renewals	85	-	33	642
	Pump station plant renewals	1	1	1	10
	Urban mains renewals	1,150	1,190	1,228	10,993
	Urban reservoirs plant renewals	453	34	-	677
Total		4,405	5,262	5,206	22,254

Activity assumptions used in providing this activity

This activity has been prepared in line with council's significant forecasting assumptions.

Water Supplies - Funding Impact Statement

	Annual Plan	Long-term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	2	3
Targeted rates (other than a targeted rate for water supply)	3,387	3,521	3,778	4,045	4,292	4,553	4,807	5,073	5,367	5,684	6,014
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	3,592	3,786	4,106	4,448	4,784	5,108	5,407	5,709	6,041	6,397	6,768
Internal charges and overheads recovered	1,719	1,869	1,916	1,972	2,041	2,105	2,145	2,205	2,283	2,340	2,410
Local authorities fuel tax, fines, infringement fees and other receipts	318	2	95	191	305	315	331	349	480	684	933
Total operating funding (A)	9,016	9,178	9,895	10,656	11,422	12,081	12,690	13,336	14,171	15,107	16,128
Applications of operating funding											
Payments to staff and suppliers	1,467	591	780	816	976	1,097	993	1,042	1,170	1,074	1,137
Finance costs	359	653	776	825	1,046	1,185	1,198	1,105	1,078	1,094	1,113
Internal charges and overheads applied	5,219	6,281	6,465	6,660	6,885	7,075	7,245	7,448	7,686	7,917	8,130
Other operating funding applications	-	30	8	2	3	5	3	3	-	-	-
Total applications of operating funding (B)	7,046	7,555	8,029	8,303	8,910	9,362	9,439	9,598	9,934	10,085	10,380
Surplus (deficit) of operating funding (A - B)	1,970	1,623	1,866	2,353	2,512	2,719	3,251	3,738	4,237	5,022	5,748
Sources of capital funding											
Subsidies and grants for capital expenditure	200	80	1,125	2,950	877	80	82	84	87	90	93
Development and financial contributions	86	75	78	80	105	130	156	182	210	240	270
Increase (decrease) in debt	63	7	(1)	-	-	1	(1)	1	-	-	(1)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	349	162	1,202	3,030	982	211	237	267	297	330	362
Applications of capital funding											
Capital expenditure											
- to meet additional demand	523	1,161	1,201	-	2,471	2,100	-	-	-	-	-
- to improve the level of service	551	1,508	2,789	3,895	2,014	601	434	449	465	483	502
- to replace existing assets	1,578	1,736	1,274	1,312	2,068	1,708	1,979	1,549	1,615	1,936	1,870
Increase (decrease) in reserves	(334)	(2,620)	(2,196)	176	(3,059)	(1,479)	1,075	2,007	2,454	2,933	3,738
Increase (decrease) in investments											
Total applications of capital funding (D)	2,319	1,785	3,068	5,383	3,494	2,930	3,488	4,005	4,534	5,352	6,110
Surplus (deficit) of capital funding (C - D)	(1,970)	(1,623)	(1,866)	(2,353)	(2,512)	(2,719)	(3,251)	(3,738)	(4,237)	(5,022)	(5,748)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Footnote: Capital revenue in 2013/14 – 2015/16 relates to central government funding for alternative water source investigations at Ngongotaha. If this funding is not granted the capital expenditure will not go ahead.



Overview of Castlecorp

Castlecorp's provides infrastructural related services as a service provider to council departments. Council undertakes this activity to meet legislative requirements and community expectations.

Castlecorp is a business unit of Council which generates its income from regularly reviewed contracts and service agreements for in-house service delivery to departments of Council. These services include:

- Refuse collection
- Litter clearance
- Footpath and verge maintenance
- Stormwater system maintenance
- Water supply reticulation maintenance
- Water supply pump stations and reservoir operation and maintenance
- Water supply leak detection, meter reading, and water sampling
- Wastewater reticulation maintenance including forest irrigation
- Cemetery maintenance and operation, and management of crematorium
- Sportsfield and reserve maintenance
- Public garden and horticultural maintenance
- Janitorial Services
- Purchasing and maintenance of small plant and fleet vehicles
- Rural Fire
- Events Management. Assisting before, during and after events (Night Market, Raggamuffin etc).

Castlecorp aims to improve the quality of life of residents and visitors through provision of quality services and the maintenance of essential infrastructure, employing sound business practices based on continuous improvements to match quality and cost effectiveness of the private sector.

Castlecorp not only maintains essential networks of underground services and parks, but also supports the Rotorua community by participating in a wide range of community activities, and developing close working relationships with community organisations. Customer-based strategies and a strong commitment to sustainable operations reflect the values of continuous improvement and value for customers.

Service delivery considerations

Each year, options for providing services are considered by Castlecorp management, RDC management, and elected officials.

Council has chosen to retain these services in-house for the following reasons:

- Contracting services out would prove more costly in the long term due to greater resources being required for contract specification and contract performance monitoring.
- Castlecorp as a business unit of Council is responsive to changing consumer demands while maintaining high standards expected from the public.
- Castlecorp is service-driven rather than profit-driven.

- Quality maintenance is in the interest of all parties and the long term good of the community.
- Contracting out services imposes a high social cost on the community through potential redundancies and social impacts.
- Castlecorp has developed strong organisational expertise, competence and knowledge of the Rotorua infrastructure that could be lost through any potential change of service delivery.
- Castlecorp provides a convenient one-stop-shop approach to services to the community.
- Benchmarking used throughout sectors within New Zealand confirm the cost effective nature of Castlecorp while resident satisfaction surveys endorse the quality of services provided.



Asset management

Key assets

The key assets associated with this activity are council's fleet of vehicles, including cars, trucks and tractors.

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Renewals and replacements	Furniture and office equipment renewal	11	16	11	104
	Fleet replacement	1,794	1,074	664	11,045
	Fleet sales	(500)	(324)	(178)	(3,381)
Total		1,305	766	497	7,768



Funding Impact Statement

	Annual Plan	Long-term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	240	465	-	-	57	-	-	-	-	-	277
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	17,423	18,780	19,401	20,058	20,749	21,524	22,227	22,865	23,607	24,415	24,980
Local authorities fuel tax, fines, infringement fees and other receipts	302	332	471	511	551	592	631	671	713	755	798
Total operating funding (A)	17,965	19,577	19,872	20,569	21,357	22,116	22,858	23,536	24,320	25,170	26,055
Applications of operating funding											
Payments to staff and suppliers	10,280	10,848	11,202	11,564	11,963	12,395	12,796	13,178	13,618	14,086	14,567
Finance costs	67	33	33	35	33	37	39	41	42	43	43
Internal charges and overheads applied	6,593	7,391	7,639	7,887	8,143	8,400	8,651	8,883	9,154	9,455	9,631
Other operating funding applications	-	-	221	575	-	51	275	543	312	650	-
Total applications of operating funding (B)	16,940	18,272	19,095	20,061	20,139	20,883	21,761	22,645	23,126	24,234	24,241
Surplus (deficit) of operating funding (A - B)	1,025	1,305	777	508	1,218	1,233	1,097	891	1,194	936	1,814
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	64	-	(11)	(11)	(54)	(62)	(54)	(70)	(95)	(88)	(191)
Gross proceeds from sale of assets	203	500	324	178	572	502	362	392	456	376	721
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	267	500	313	167	518	440	308	322	361	288	530
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	64	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	1,228	1,805	1,090	675	1,736	1,673	1,405	1,213	1,555	1,224	2,344
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,291	1,805	1,090	675	1,736	1,673	1,405	1,213	1,555	1,224	2,344
Surplus (deficit) of capital funding (C - D)	(1,025)	(1,305)	(777)	(508)	(1,218)	(1,233)	(1,097)	(891)	(1,194)	(936)	(1,814)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0





**SUPPORTING
POLICIES**

Introduction

In preparing any forecasts, both financial and non-financial, there is a need to provide assumptions to address the uncertainties of the future. This is important for a number of reasons, including:

- allowing the reader of the forecasts to understand the basis that financial information has been prepared on.
- providing a means of explaining differences that will inevitably occur between the actual result and that which was forecast.
- ensuring risks faced by the organisation in the future have been appropriately identified and evaluated.

The following societal trends have been used as a basis for preparing the Long-term Plan:

- There will be an increasing proportion of Maori residents
- Rotorua's population will become more multicultural, including increases in residents from Pacific Islands and Asia over the next twenty years.
- The number of people aged 75 and over is expected to increase over the next twenty years
- More than half of Rotorua's young people are of Maori descent and this is expected to continue though the number of young people in the district is expected to decrease over the next twenty years.

The purpose of this section is to:

- comment on the process used to develop assumptions
- analyse legislation
- understand best practice
- set out the major assumptions
- outline any continuous improvement that may be required.

Integrated Risk Management (IRM)

Council has adopted an Integrated Risk Management (IRM) framework and process as the means for managing risk within the organisation. The IRM process and framework is intended to demonstrate responsible stewardship by RDC on behalf of its customers and stakeholders. It ensures that risk is managed from an organisational perspective, facilitating the effective and transparent allocation of resources to where they will have most affect on the organisation successfully in delivering its services. The process is integrated into the Long-term Plan 2012-2022.

The aim is to integrate risk management into Council's organisational decision making so that it can achieve its strategic goals cost effectively, while optimising opportunities and reducing threats.

Summary of Significant Assumptions

The following assumptions have been used in preparation of estimated financial statements in this Long-term Plan:

Assumptions, Risks and Uncertainties for 2012-2022 Long-term Plan				
Risk Assessment Matrix				
No.	Assumption	Likelihood	Consequence	Overall Risk
1	Asset lives	Unlikely	Minor	Low
2	Funding sources	Very unlikely	Medium	Moderate
3	Growth assumptions	Possible	Minor	Moderate
4	Cost growth	Possible	Medium	Moderate
5	Subsidy rate	Likely	Medium	Moderate
6	Asset revaluations	Possible	Medium	Moderate
7	Return on investments	Unlikely	Minor	Negligible
8	Interest on borrowing	Possible	Medium	High
9	Resource consents/designations	Possible	Medium	Moderate
10	Currency exchange rates	Likely	Minor	Low
11	Renewability of debt funding	Very unlikely	Medium	Moderate
12	Structure of local government	Unlikely	Medium	Low
13	Legislative demands on council resources	Possible	Medium	Moderate
14	Information technology disasters	Possible	Medium	Moderate
15	Airport infrastructure – demand	Unlikely	Medium	Moderate
	Airport infrastructure – funding	Possible	Medium	Moderate
16	Development contributions	Possible	Medium	Moderate
17	Local natural disaster	Unlikely	Major	Low
18	Climate change	Possible	Medium	Low
19	Emissions trading scheme	Possible	Minor	Low
20	Insurance	Possible	Medium	Low
21	Continuous business improvement/Lean Thinking	Likely	Minor	Low

Forecasting Assumptions Commentary

1. Asset lives

Assumption

Council holds a number of assets that are significant to its operations and provision of services. These include water supplies, waste water, parks and reserves, storm water, airport, roads, library, museum, events venues, buildings, plant and equipment. The assumption is that assets will function as expected for the duration of their estimated useful lives. The useful lives of these assets are referred to in the Statement of Accounting Policies and summarised in the table below:

	Years
Water supplies	15 to 100
Waste water	15 to 100
Parks and reserves	6 to 100
Stormwater	70 to 100
Airport	10 to 15
Roads	1 to 100
Buildings	40 to 50
Plant and equipment	2 to 15

Risk

The risk is that the assets will not last as long as forecast and will need replacement earlier than planned. This would require the funding of replacements to also be brought forward. One option may be to see if there are other replacements that could be delayed to avoid having to increase the rates required to fund this. However if not, then rates would increase in the year the of the replacement, but then not be required in the year the replacement was planned, so really only a timing issue. The additional costs associated with the timing would be an interest component which would be minimal (\$6,500 pa for every \$100,000).

Risk Assessment

Asset management plans are in place for these assets and professionally qualified staff and consultants have been engaged over the years to advise on this risk. The risk is now well understood and considered to be low.

2. Funding sources

Assumption

That the various funding sources for assets and activities as included in the Asset Activity Statements and the Funding Impact Statement will continue to be available to meet these requirements

Risk

With the global financial crisis affecting our local economy and the risk of a significant portion of available external funding being channeled to Christchurch, some sources of funds may dry up or significantly reduce. Finding alternative sources of will be very difficult as everyone is in the same predicament

Risk Assessment

This risk is considered to be moderate low over the term of the plan as the majority of the funding included comes from user pays or general rates. If there are projects/ activities within the plan that have external funding, that funding has only been included where there has been an acknowledgement of support.

Significant forecasting assumptions

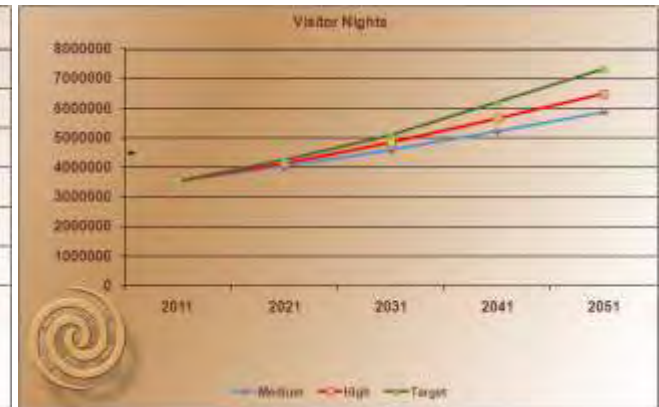
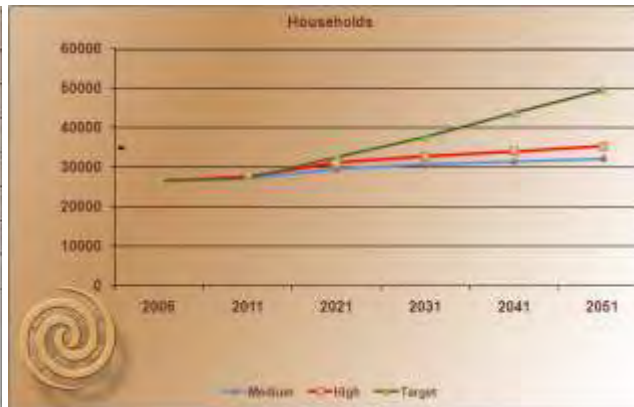
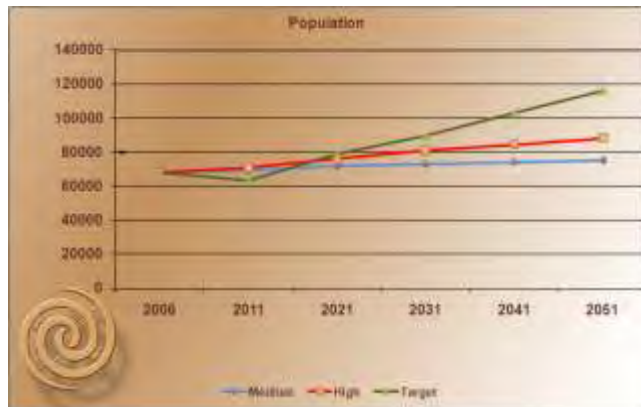
3. Growth assumptions

Assumption

In order to inform future planning, growth assumptions have been developed identifying a number of growth scenarios. Council believes that it needs to be proactive in its assessment of growth to investigate strategic level implications, and view the consequences for future land use planning and asset management.

Rotorua District Council's growth model makes growth assumptions for the district through to 2051. The assumptions identify three key parameters: population, households (represented as household equivalent units - HUEs), and visitor nights.

The growth assumptions are not for the purpose of setting growth targets, nor are they assumptions that seek to promote growth. The assumptions have been developed in order to ensure that there is sufficient infrastructure provided for managing increases in population and visitors over the next 10, 20 and 40 year periods, and ensuring that there is sufficient zoned land to enable projected growth to occur. Council has decided to take the cautious approach to planning for growth in the wake of the economic crisis and natural disasters such as the Christchurch earthquake. To this end the medium forecast for growth has been used for modelling of project expenditure and needs assessments for capital investment.



Risk

The risk is that growth is much higher or lower than that factored into the Long-term Plan. If lower, the region will have a lower rating base to collect the rates, resulting in higher than planned rates increases and infrastructural assets (roads, water, waste water) will have greater capacity than required. However if growth is higher than the assumptions applied, the district could experience a demand higher than the capacity of its assets,

which could result in asset failures and a need to rapidly and heavily invest in assets to accommodate the growth. This in turn would result in much higher than planned debt or a significant increase in rates (or both).

Risk Assessment

Currently growth is planned to be low and taking into account the current economic conditions and expected slow recovery, the risk is considered low.

Significant forecasting assumptions

4. Cost growth

Assumption

The Business and Economic Research Limited (BERL) price change estimates as shown below have been used in this Long-term Plan (% are per annum change)

Years ending 30 June:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
LGCI Overall	2.34%	5.34%	3.79%	3.46%	3.17%	3.27%	3.2%	3.26%	3.38%	3.69%	3.89%	3.90%
LGCI CAPEX	2.03%	5.67%	3.39%	3.13%	3.04%	3.17%	3.25%	2.83%	2.86%	3.18%	3.35%	3.31%
LGCI OPEX	2.75%	4.92%	4.31%	3.88%	3.34%	3.41%	3.63%	3.80%	4.03%	4.31%	4.54%	4.61%

Risk

That prices rise higher than the assumptions built into the plan. Higher than expected inflation will result in higher rates increase or a reduction in service levels. A lower inflation factor will allow a lower than planned rates increase or reduce debt. The effect of this would be as follows - for \$100 million of cost (Annual Plan 2011/12 operating expenditure is \$123 million), a 1% increase would mean a \$1 million increase in costs.

Risk Assessment

There are a number of factors that will affect economic performance and the certainty around these cost factors is difficult to judge. BERL has had many years of experience in providing cost adjusters to local government and is the best known resource available. However with the volatility of the global economy currently the risk is considered moderate.

5. Subsidy rate

Assumption

Council receives subsidies from New Zealand Transport Agency (NZTA) for local roads within the district. This subsidy comes from road user charges and petrol tax and is allocated to roading projects at the rates listed below, depending on what type of project it is.

Financial assistance rates	%
General maintenance	47
Emergency works	47
Capital expenditure	57
Strategic studies	75
Renewals	47
Community assistance	57

It is assumed that the projects in the Long-term Plan will be subsidised at these rates.

Risk

The risk is that the transport projects included in the Long-term Plan will not be approved by the NZTA due to lack of funds or the subsidy rates are reviewed down. This would result in a shortfall in funding for planned projects. The largest risk is around renewals and maintenance, so if the subsidy is reduced, the level of service for renewals and maintenance would be reviewed and reduced to fit the budget.

Risk Assessment

The financial assistance rates (FAR) have been reviewed and are now set for the next three years. Therefore risk is currently considered moderate.

6. Asset revaluations

Assumption

The estimated increases in value of assets when revalued will not be materially different to the actual revaluations at the time of the revaluation.

The valuation adjusters for rolling revaluations	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water supplies	3.8%			10.6%			11.9%			15.1%
Parks and reserves		7.4%			10.9%			13.7%		
Land			10.8%			10.6%			13.9%	
Buildings			10.8%			10.6%			13.9%	
Roads			10.8%			10.6%			13.9%	
Stormwater		7.4%			10.9%			13.7%		
Footpaths, street lights, meters etc			10.8%			10.6%			13.9%	
Land fill			10.8%			10.6%			13.9%	
Waste water schemes		7.4%			10.9%			13.7%		
Wastewater Treatment Plant			10.8%			10.6%			13.9%	
Airport	3.8%			10.6%			11.9%			15.1%

Risk Assessment

There is no real effect on cash flow or rates as a result of revaluation differences, but the replacement and maintenance of these assets will require more funds which will eventually result in higher than planned rates increases. Risk is considered moderate.

Risk

The risk is that asset values are significantly different to the estimated increases in the Long-term Plan.

7. Return on investments

Assumption

It is assumed cash investment will net 5% return on short term cash investments over the duration of the Long-term Plan. Although the interest earned on short term cash investments will fluctuate considerably over the 10 years, it is not considered material and so a single assumption for all of the ten years has been used.

Risk Assessment

As Council has minimal investments, this risk considered negligible.

Risk

The risk is that Council will obtain lower returns on its cash investments.

8. Interest on borrowing

Assumption

Council has an actual portfolio of fixed interest rate debt that matures at various times over the next 6 years. The weighted average cost was 5.96% at June 2011. Taking into account current low interest rates and the slow economic recovery, the interest rate on the cost of borrowing for the Long-term Plan is 5.5% for the first three years, and 6.5% for years 4-10.

Risk

The risk is that interest rates will be in excess of the 6.5% assumption. Below is a graph that shows the interest cost movement at 0.5% increments above and below the 6.5%



Risk Assessment

Council has a Treasury Management Group (TMG) which includes external experts. The TMG meets regularly to closely monitor council's levels and profile of debt as well as keeping up to date with global and local economic indicators. This has proved to be successful with council achieving lower than average interest rates within the industry. As at June 2011, Council debt sat at \$134 million, which equates to \$8.7 million in interest cost, if at a weighted average rate of 6.5%. So despite the close monitoring and good controls in place, the risk is still considered high due to the volatility and unpredictability of the many factors that can affect interest rates

9. Resource consents/designations

Assumption

Council will need to apply for numerous resource consents, designations etc, for new projects over the Long-term Plan. Major activities that will require consents (or district plan change) include landfill, water supply, new cemetery site and roading. It is assumed that all necessary consents will be granted when required with reasonable conditions.

Risk

The risk is that consents will take longer to be granted and therefore not be available at the time assumed within the Long-term Plan for commencement of the development; will include conditions that are more onerous than anticipated and the development becomes substantially more expensive, potentially to the extent that it becomes uneconomic to proceed or are not granted.

Risk Assessment

In deciding on and costing projects for the Long-term Plan, Council is well aware of the requirements to meet resource consent requirements; however the risk is around notified consents that could be appealed in the Environment court. This has the possibility to make the consent process both costly and long. The risk is therefore considered moderate.

10. Currency exchange rates

Assumption

It is assumed that currency exchange rates, particularly US and Australian dollars, will not fluctuate significantly during the period on the Long-term Plan. The exchange rates used is the BNZ 10 year average as at November 2011.
NZD \$1 = \$0.63 USD NZD \$1 = \$0.86 AUD

Risk

This assumption applies to the purchase of refuse collection bags which are quoted for supply in USD. Much of the new library book purchases, some computer software, accommodation and expenses associated with overseas travel, are in USD. Council has minimal exposure to currency movement risk in respect of significant assets or liabilities.

Risk Assessment

The amounts involved in foreign currency exchange rates for council are not considered material, so risk is low.

11. Renewability of debt funding

Assumption

It is assumed that Council's portfolio of debt, which has differing maturity dates from 1 to 6 years and new funding required, will be able to be raised on favourable terms

Risk

The risk is that Council will not be able to raise new debt on favourable terms. The result would be having to borrow at higher than planned interest rates.

Risk Assessment

Local government is a very low risk to investors, second only to central government. For this reason it is very unlikely that council will not be

able to raise funds on favourable terms as and when required. Council has a comprehensive treasury policy and management practices, employs expert advice when required, has a debenture trust deed for loan raising and employ qualified staff. Habitual lenders have always shown confidence in Rotorua District Council in the past and this is not likely to change.

In addition debt raising is structured so that less than \$40 million is required to be raised in any one year. This helps to limit Council's exposure to difficult borrowing market conditions in any one year of the Long-term Plan. this risk is considered moderate.

12. Structure of local government

Assumption

It is assumed that the representation and governance structures currently in place will continue in their present form for the ten year period, that is, no change to the number or type of units of local government in the Bay of Plenty.

Risk

The risk is that a decision is made, at central government level, that has a significant affect on the council, such as the amalgamation of councils which occurred in the Auckland region. This would substantially change the structure of the council and the contents of the Long-term Plan.

Risk Assessment

It is more likely that if there were further amalgamations of local councils, they would occur in the larger city areas first, so risk is low over the period of this plan.

13. Legislative demands on council resources

Assumption

Over the past decade there has been a substantial increase in the level of delegation from central government to local government through legislative reforms. In almost all cases there has been no funding provided to develop the policy and/or deliver these new services. This has meant that the services have had to be funded from efficiency gains, local user charges, and an increase in rates, or combination of all these mechanisms. In some instances there has been a need to increase resources, such as staff, consultants and contractors. The assumption is that any legislative reform or amendments will not require Council to assume responsibilities that require additional resources and hence additional cost.

Risk

The risk is that there will be significant change to legislation that will cause a material change in operations and costs.

Risk Assessment

Change of Government or even a change in Ministers could have an impact on this risk, therefore the risk is considered moderate.

14. Information technology disasters

Assumption

Council runs a complex business and has a statutory responsibility to capture and retain data. In addition, Council needs to be able to provide technology support for various business functions across Council. Without the support of information and communication technology (ICT) infrastructure many of Council's services could not be provided. The assumption is, in the event of an ICT disaster, all services will continue to be provided and alternative support is available.

Risk

The risk is that in the event of an ICT disaster, services provided by Council will not be able to be delivered.

Risk Assessment

There is a range of mitigation measures adopted by Council to further reduce the likelihood of a major disaster including: sharing servers with other local authorities, such as at the library; a server virtualisation project that allows servers to be replicated in the event of a failure of any one of the servers; the OZONE platform which is used by 15 other local authorities which would provide a level of support; server room environment optimised for long life of servers; hardware renewal programme that ensures replacement before failure. This risk is considered moderate.

15. Airport infrastructure

Assumption

Council owns the Rotorua International Airport infrastructure including land, runways, buildings and their fit-out. The asset is then leased to Rotorua Regional Airport Ltd (RRAL) through a long-term operation lease which has provision for lease payments back to Council that are based on either RRAL's turnover or net profit. The key assumption associated with this investment is that the number of flights into Rotorua is not reduced.

Risk

The risks are that scheduled services, both domestically and internationally, into Rotorua will decline and with that a corresponding reduction in airport revenue and flow-on effect of reduced rental to Council.

Risk Assessment

Significant work has been undertaken with airlines to understand when they may increase services so that the airport company revenue increases and corresponding rental payments to Rotorua District Council can increase to the extent that they are sufficient to cover the cost of the debt associated with the airport infrastructural assets. Risk is moderate.

16. Development contributions

Assumption

That the development contribution policy will remain and the development contribution revenue will be received.

Risk

That development contribution revenue is much lower than planned or the policy is amended or abolished.

Risk Assessment

With council's strategic focus on developing the local economy it is expected that we will see growth in development in the district, so the risk is considered moderate.

17. Local natural disaster

Assumption

It has been assumed that there will be no significant natural disaster during the term of the Long-term Plan.

Risk

The risk is that there could be a significant natural disaster within the next ten years that is in Rotorua or close enough to Rotorua to have a major impact on our levels of service.

Council's mitigating control for this is having business continuity plans in place.

Risk Assessment

The assessment is the chance of an event happening is low, however the effects on the district would be major.

18. Climate change

Assumption

The impacts of climate change have been taken into account allowing for additional demand on infrastructure due to climate change.

Risk

The risk is that there effects of climate change are much greater then anticipated.

Risk Assessment

Climate change effects have been measured and tracked for some time now and are reasonably well understood. This risk is low.

19. Emissions trading scheme

Assumption

There has been cost and income (arising form carbon credits) in relation to the gas flaring project at the landfill included in the Long-term Plan.

Risk

The risk is there are unknown costs associated with ETS that are not included in the Long-term Plan. This could have an effect on rates required.

Risk Assessment

It is not expected that these costs would be material to the plan so the risk is considered low.

20. Insurance

Assumption

The insurance industry had been quite volatile in recent years with council's insurance premiums increasing 130% from 2010/11 to 2011/12. This now appears to have settled down and it is assumed in the Long-term Plan that there will be no further major cost adjustors for insurance. The BERL recommended inflation factor will be applied to each year.

Risk

The risk is that there could be further large adjustments in insurance that are not allowed for in the Long-term Plan.

Risk Assessment

If the world has another major natural disaster, there is little doubt that insurance costs will be affected, however the effects from the Christchurch and Japan earthquakes have now been built into the existing premiums and the risk of further significant price increases is considered low.

21. Continuous business improvement/ Lean Thinking

Assumption

A programme of Lean Thinking reviews has been assumed across most business units over the ten years of this plan. it is assumed that this work will produce \$10m of operational savings across this period.

Risk

The risk is that savings will not materialise or be captured from this work.

Risk Assessment

Post implementation reviews will be used to ensure all savings are captured and correct action taken where required. Therefore the risk is low.

General Information

The prospective financial statements are for Rotorua District Council, the parent only. The council publishes group accounts for the annual report. For the purpose of the council's Long-term Plan (LTP), it is only the parent accounts that are relevant for public consultation.

This prospective financial information has been prepared to meet the requirements of the Local Government Act 2002. This information may not be suitable for use in any other context.

Since these prospective financial statements are for the period 1 July 2012 to 30 June 2022, actual results are not reflected. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and these variations may be material.

The reforecast statement of financial position as at 30 June 2011 has been used to give an opening position for the prospective statement of financial position.

The elected council is responsible for the prospective financial information presented in this document, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The prospective financial statements comply with Financial Reporting Standard 42 Prospective Financial Statements. The council does not intend to update the prospective financial statements subsequent to presentation.

Funding Impact Statements

The funding impact statements are required under the Local Government Act 2002 and conform to clause 5 of the Local Government

(Financial Reporting) Regulations 2011. They cover the ten year period from 2012/2013 to 2021/2022 and outline the council's sources of funding and our plans to apply them. Generally accepted accounting practice does not apply to the preparation of the funding impact statements as stated in section 111(2) of the Local Government Act. The key divergences from generally accepted accounting practice are the non-inclusion of depreciation in all funding impact statements and the inclusion of internal revenue and expenditure in the individual activity funding impact statements.

Prospective Statement of Comprehensive Income

This financial statement discloses the net surplus or deficit and the components of net surplus (deficit), arising from activities or events during the period that are significant for the assessment of both past and future financial performance.

Prospective Statement of Changes in Equity

This financial statement presents a measure of comprehensive income. Equity is measured as the difference between the total value of assets and total liabilities. Accumulated Equity represents the community's investment in publicly owned assets resulting from past surpluses.

Prospective Statement of Financial Position

This financial statement provides information about the economic resources controlled by Council and its capacity to modify those resources is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure

is useful in assessing borrowing needs, and how future surpluses and cashflows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the Council is likely to be in raising future finance.

Prospective Statement of Cashflows

This statement reflects Council's cash receipts and cash payments during the period and provides useful information about Council's activities in generating cash through operations to;

- Repay debt or
- Re-invest to maintain to expand operating capacity

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cashflows that are reported in Council's financial reports. Therefore for proper appreciation of those reports, users need to be aware of:

- a) the measurement system underlying the preparation of the financial reports and
- b) the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items.
- c) Any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

Provide further explanation of accounting policies adopted by the council and the assumptions used in preparing the financial statements.

Prospective statement of comprehensive income

as at 30 June:	Annual Plan Budget	Long Term Plan Budget >>									
	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Income											
Rates Revenue	65,319	67,006	69,583	71,919	73,697	75,493	78,486	83,413	84,907	89,094	91,471
Development and Financial Contribution Revenue	1,418	1,300	1,322	1,344	1,574	1,812	2,052	2,299	2,560	2,832	3,112
Other Revenue	55,551	57,063	51,623	47,643	57,326	54,881	62,542	58,227	52,672	56,678	58,012
Other Gains / (Losses)	136	6	6	6	6	6	6	6	6	6	6
Total Income	122,424	125,375	122,534	120,912	132,603	132,191	143,086	143,945	140,145	148,610	152,601
Expenditure											
Employee Benefit Expenses	34,018	33,881	34,898	36,075	37,307	38,559	39,696	40,844	42,157	43,578	45,030
Depreciation and Amortisation	24,419	24,391	25,492	26,435	26,867	27,308	27,366	27,643	27,674	27,699	28,732
Other Expenses	39,262	41,287	40,835	41,466	41,820	42,855	44,101	45,307	46,836	48,302	49,699
Finance Cost	9,499	9,119	9,550	10,102	10,684	11,687	12,469	13,263	13,361	13,119	12,570
Total Expenditure	107,198	108,678	110,775	114,078	116,678	120,409	123,632	127,057	130,028	132,698	136,031
Surplus before Taxation	15,226	16,697	11,759	6,834	15,925	11,782	19,454	16,888	10,117	15,912	16,570
Taxation	-	-	-	-	-	-	-	-	-	-	-
Net Surplus after Taxation	15,226	16,697	11,759	6,834	15,925	11,782	19,454	16,888	10,117	15,912	16,570
Other Comprehensive Income											
Revaluation on Property, Plant & Equipment	25,350	6,754	4,128	13,216	8,067	9,956	29,149	7,639	12,815	21,584	12,757
Total Other Comprehensive Income	25,350	6,754	4,128	13,216	8,067	9,956	29,149	7,639	12,815	21,584	12,757
Total Other Comprehensive Income for the period	40,576	23,451	15,887	20,050	23,992	21,738	48,603	24,527	22,932	37,496	29,327

Prospective statement of changes in equity

as at 30 June:	Annual Plan	Long Term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Balance as at 1 July	871,823	904,968	928,419	944,306	964,355	988,347	1,010,085	1,058,689	1,083,216	1,106,148	1,143,644
Total Comprehensive Income previously reported	40,576	23,451	15,887	20,050	23,992	21,738	48,603	24,527	22,932	37,496	29,327
Total Comprehensive Income as stated	40,576	23,451	15,887	20,050	23,992	21,738	48,603	24,527	22,932	37,496	29,327
Balance as at 30 June	912,399	928,419	944,306	964,355	988,347	1,010,085	1,058,689	1,083,216	1,106,148	1,143,644	1,172,971
Total Comprehensive Income attributable to:	40,576	23,451	15,887	20,050	23,992	21,738	48,603	24,527	22,932	37,496	29,327

Footnote: Opening position of equity has been reforecasted from budget to achieve a more reliable starting point

Prospective statement of financial position

as at 30 June:	Note	Annual Plan	Long Term Plan Budget >>									
		Budget 2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)
Assets												
Current Assets												
Cash & Cash Equivalents		2,652	1,841	1,842	1,841	1,842	1,842	1,842	1,843	1,843	1,843	1,843
Loans & Receivables		18,218	18,837	18,297	17,986	19,805	19,808	21,449	21,310	20,941	22,081	22,798
Inventories		1,454	1,509	1,561	1,611	1,663	1,720	1,776	1,837	1,904	1,978	2,056
Total Current Assets		22,324	22,187	21,700	21,438	23,310	23,370	25,068	24,989	24,688	25,902	26,696
Non-Current Assets												
Loans & Receivables		29	29	29	29	29	29	29	29	29	29	29
Property, Plant and Equipment		1,069,592	1,100,037	1,128,918	1,151,880	1,188,006	1,216,756	1,272,872	1,294,899	1,310,171	1,337,899	1,353,717
Intangible Assets		4,029	4,029	4,029	4,029	4,029	4,029	4,029	4,029	4,029	4,029	4,029
Biological Assets (Forestry)		316	316	316	316	316	316	316	316	316	316	316
Other Financial Assets		2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063	2,063
Total Non-Current Assets		1,076,029	1,106,474	1,135,355	1,158,317	1,194,443	1,223,193	1,279,309	1,301,336	1,316,608	1,344,336	1,360,154
Total Assets		1,098,353	1,128,661	1,157,055	1,179,755	1,217,753	1,246,563	1,304,377	1,326,325	1,341,296	1,370,239	1,386,851
Liabilities												
Current Liabilities												
Trade and Other Payables		27,757	33,407	31,153	28,932	29,059	27,259	26,896	24,680	22,175	20,990	19,432
Provisions		555	604	604	604	604	604	604	604	604	604	604
Employee Benefit Liabilities		4,972	5,160	5,339	5,508	5,688	5,883	6,075	6,280	6,512	6,765	7,029
Borrowings		28,300	25,790	46,600	15,000	56,270	33,088	54,001	32,930	51,918	56,067	32,000
Total Current Liabilities		61,584	64,961	83,696	50,044	91,621	66,834	87,575	64,494	81,209	84,426	59,065
Non-Current Liabilities												
Provisions		1,979	2,059	2,130	2,198	2,270	2,347	2,424	2,506	2,598	2,699	2,805
Employee Benefit Liabilities		691	717	742	766	791	818	844	873	905	940	977
Borrowings		121,700	132,505	126,181	162,392	134,724	166,479	154,845	175,236	150,435	138,529	151,033
Total Non-Current Liabilities		124,370	135,281	129,053	165,355	137,784	169,644	158,113	178,615	153,939	142,168	154,815
Total Liabilities		185,954	200,242	212,749	215,399	229,406	236,478	245,688	243,109	235,148	226,594	213,880
Equity												
Retained Earnings		874,534	883,827	906,834	915,874	942,299	958,090	968,883	985,008	989,980	995,742	999,357
Self Funding Reserves	1	(69,158)	(56,057)	(63,605)	(63,898)	(67,424)	(63,110)	(58,646)	(54,779)	(47,733)	(36,408)	(22,140)
Council Created Reserves	2	(17,347)	(33,741)	(38,079)	(40,655)	(48,685)	(57,821)	(67,674)	(71,238)	(73,963)	(76,611)	(79,020)
Restricted Reserves	3	1,488	4,754	5,392	6,055	7,110	7,924	4,334	4,794	5,618	6,491	7,587
Fair Value through Equity		230	230	230	230	230	230	230	230	230	230	230
Asset Revaluation Reserve		122,652	129,406	133,534	146,749	154,816	164,772	211,562	219,201	232,016	254,199	266,956
Total Equity		912,399	928,419	944,306	964,355	988,347	1,010,085	1,058,689	1,083,216	1,106,148	1,143,644	1,172,971

Prospective statement of cashflows

as at 30 June:	Annual Plan	Long Term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Cash Flows From Operating Activities:											
Receipts from Rates Revenue	65,320	67,006	69,584	71,919	73,697	75,493	78,487	83,414	84,908	89,095	91,472
Interest Received	60	36	36	36	36	36	36	36	36	36	36
Dividends Received	0	0	0	0	0	0	0	0	0	0	0
Receipts from Other Revenue	55,901	56,490	51,007	46,990	56,838	54,562	62,394	58,253	52,876	57,063	58,583
Payments to Suppliers & Employees	(79,478)	(75,110)	(75,659)	(77,582)	(79,279)	(81,622)	(84,094)	(86,523)	(89,404)	(92,332)	(95,227)
Interest Paid	(9,499)	(9,178)	(9,625)	(10,063)	(10,533)	(11,480)	(12,173)	(12,891)	(12,951)	(12,667)	(12,073)
Income Tax Paid	0	0	0	0	0	0	0	0	0	0	0
Goods and Services Tax (net)	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flows From Operating Activities	32,303	39,244	35,343	31,301	40,760	36,989	44,650	42,289	35,466	41,195	42,791
Cash Flow From Investing Activities:											
Proceeds from Sale of Fixed Assets	203	500	324	178	572	502	362	392	456	376	721
Collections on Advances	0	0	0	0	0	0	0	0	0	0	0
Purchase of Fixed Assets	(48,780)	(48,582)	(50,570)	(36,358)	(55,498)	(46,603)	(54,695)	(42,424)	(30,587)	(34,220)	(32,514)
Purchase of Intangible Assets	0	0	0	0	0	0	0	0	0	0	0
Loan Advances made	0	0	0	0	0	0	0	0	0	0	0
Net Movement in Investments	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Investing Activities	(48,577)	(48,083)	(50,245)	(36,180)	(54,927)	(46,101)	(54,333)	(42,032)	(30,131)	(33,844)	(31,793)
Cash Flows From Financing Activities:											
Proceeds from Borrowings	30,424	26,839	29,901	29,879	29,167	53,783	36,090	29,347	24,407	21,399	42,409
Repayment of Borrowings	(13,500)	(18,000)	(15,000)	(25,000)	(15,000)	(44,670)	(26,407)	(29,604)	(29,742)	(28,750)	(53,407)
Proceeds from short term borrowings (bank facilities)	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Financing Activities	16,924	8,839	14,901	4,879	14,167	9,113	9,683	(257)	(5,334)	(7,351)	(10,998)
Net (decrease)/increase in Cash, Cash Equivalents and Bank Overdraft	650	0	(0)	0	0	0	0	0	0	(0)	0
Cash, Cash Equivalents and Bank Overdraft at the beginning of the year	2,002	1,841	1,842	1,841	1,842	1,842	1,842	1,843	1,843	1,843	1,843
Cash, Cash Equivalents and Bank Overdraft at the end of the year	2,652	1,842	1,841	1,842	1,842	1,842	1,843	1,843	1,843	1,843	1,843

Statement of accounting policies

Reporting Entity

Rotorua District Council is a local authority in New Zealand.

The council is a public benefit entity as defined under New Zealand International Financial Reporting Standards (NZ IFRS). The council's primary objective is to provide services and facilities for the community as a social benefit rather than to make a financial return.

Basis of preparation

Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 section 111. This includes the requirement to comply with Financial Reporting Standard 42 (prospective financial statements) and NZ GAAP as it relates to prospective financial statements.

Measurement Base

The financial statements are prepared on an historical cost basis modified by the revaluation of the following:

- land and buildings
- certain infrastructural assets
- collections
- biological assets
- and certain financial instruments.

The methods used to measure fair value are discussed in the specific accounting policies.

Currency

The financial statements are presented in New Zealand dollars (\$), the council's functional

currency, rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Changes in accounting policies

There has been a change in accounting policy for the following:

- Library Books are no longer revalued.
- Furniture and Fittings are expensed because individual items are under the capitalisation threshold and these assets are maintained to the same level and not depreciated.
- Office Equipment is expensed because individual items are under the capitalisation threshold and these assets are maintained to the same level and not depreciated.
- Parking Infrastructural Assets are expensed because individual items are under the capitalisation threshold and these assets are maintained to the same level and not depreciated.

Presentation

Please note that some of the tables and financial statements may not add up due to rounding of numbers. Rounding may also show different values of an item in different tables.

In some cases, the depreciation and consequential operating costs arising from a capital project will appear under a different activity from the capital expenditure. This occurs when the capital project is carried out to achieve a specific strategic objective, and the resulting asset resides in a different strategy.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of

assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant assumptions are listed later in this section.

Cost allocation

Cost of service for each significant activity is determined as follows. Specifically attributable costs are charged directly. Indirect costs are apportioned using appropriate cost drivers such as actual usage, staff numbers and floor area.

Future reporting framework

In September 2011 the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-22 have been prepared are based on the current New Zealand equivalents to International financial Reporting Standards.

Specific accounting policies

Investments

Subsidiaries

Subsidiaries are those entities in which the council has control. The financial statements show investment in subsidiaries at cost.

Associates and joint ventures

Associates are entities in which the council has significant influence, but not control, over operating and financial policies. A joint venture is

Statement of accounting policies

a contractual arrangement where two or more parties undertake and activity that is subject to joint control. The financial statements show investment in associates and joint ventures at cost.

Goods and services tax (GST)

Items in the financial statements are exclusive of GST, with the exception of receivables and payables. The net amount of GST receivable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The council has assumed an unchanged rate of GST at 15 per cent.

Property, plant and equipment

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment and motor vehicles.

Restricted Assets - Restricted assets are parks and reserves owned by the Council 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. 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 shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation of assets

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Values calculated at depreciated replacement cost are not market related. This applies to certain specialist assets, such as infrastructure assets and specialised buildings, which do not trade readily in the market.

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued on a rolling basis over a three-year cycle with a portion of the portfolio valued at 01 July each year. Each year the council considers the adequacy of the valuation of its assets to ensure their carrying value reflects fair value. All other assets are carried at depreciated historical cost.

Increases in asset carrying amounts, due to revaluation, increase revaluation reserves in equity. Decreases in asset carrying amounts decrease revaluation reserves in equity only to the extent that the class of assets has sufficient revaluation reserves to absorb the reduction. All other decreases are charged to the statement of comprehensive income.

If a revaluation increase reverses a decrease previously recognised in the statement of comprehensive income, the increase is recognised first in the statement of comprehensive income to reverse previous decreases. Any remaining increase is applied to revaluation reserves in equity.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, when it is likely that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and

maintenance are charged to the statement of comprehensive income for the financial period they relate to.

Additions

In most instances, an item of 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 at the date acquisition.

Sale or Disposal of assets

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of comprehensive income. 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.
- 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. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of the Rotorua Museum of Art & History collections and the library reference collection are considered to be extremely long. 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.

Statement of accounting policies

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

The expected lives of major classes of assets are:

General

Bathhouse building	40 years
Buildings (other)	50 years
Plant and Equipment	10 to 15 years
Computer Systems	3 to 5 years
Library Books (excl Reference)	2 to 15 years
Landfill Improvements	3 to 100 years
Fencing and Related Structures	15 years
Playgrounds	25 years
Jetties and Related Structures	20 years
Wastewater Reticulation	
Man holes	110 years
Treatment Plant	10 to 100 years
Pump Stations	10 to 75 years
Pipes	100 years
Water Reticulation	
Pipes	50 to 90 years
Motors/Pumps	20 to 30 years
Reservoirs and other	
Water-Retaining Structures	50 to 100 years
Meters	15 to 100 years
Roading	
Pavement (basecourse)	20 to 100 years
Drainage	100 years
Shoulders/Feathers	20 to 100 years
Culverts	100 years
Footpaths (concrete)	100 years
Footpaths (bitumen)	10 to 15 years
Bridges	70 to 100 years
Stormwater systems	
Pipes	70 to 100 years
Manholes, Cesspits	70 to 100 years
Service connections and outlets	70 to 100 years

Airport
Runway 150mm AC surface 10 to 15 years

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

Intangible assets

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 the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement costs.

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 statement of comprehensive income.

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

Computer software 3-5 years 20-33%

Impairment of property, plant and equipment and intangible assets

Assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. 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 and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where

that results in a debit balance in the revaluation reserve, the debit balance is recognised in the statement of comprehensive income. For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of comprehensive income.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated point of sale costs for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

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

Investment property

Properties leased to a third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measure initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Currently Council holds no assets in this class.

Derivative financial instruments and hedge accounting.

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from 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 remeasured 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 of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The Council 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 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 also documents 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.

The full fair value of hedging derivatives 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 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.

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 statement of other comprehensive income. Fair value hedge accounting is only applied for hedging fixed interest borrowings.

If the hedge 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 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 directly in other comprehensive income through the statement of other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "gains" or "other expenses".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in other comprehensive income will be reclassified into the surplus deficit in the same period or periods during which the asset acquired or liability assumed affects surplus or deficit. However, if it is expected that all or a portion of a loss recognised directly in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus 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, then the associated gains and losses that were recognised directly in other comprehensive income 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 income from the period when the hedge was effective will remain separately recognised in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognised directly in other comprehensive income from the period when the hedge was effective is reclassified from other comprehensive income to the surplus or deficit.

Other Financial assets

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus deficit, in which case the transaction costs are recognised in the surplus deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into four categories:

- financial assets at fair value through surplus or deficit;
- loans and receivables

- held to maturity investments; and
- fair value through other comprehensive income.

The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

Financial Assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or it is part of a portfolio classified as held for trading are classified as current assets. The current/non current classification of derivatives is explained in the derivatives accounting policy as above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after

the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently council does not hold any financial assets in this category.

Financial assets at fair value through equity are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the

investment within 12 months of the balance date. The Council includes in this category: *Financial assets at fair value through other comprehensive income*

- Investments that council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

Rotorua District Council's investments in its subsidiary is not included in this category as they are held at cost (as allowed by NZ IAS 27 *Consolidated and Separate Financial Statements*) whereas this category is to be measured at fair value.

These investments are measured at their fair value, with gains and losses recognised directly in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held to maturity investments

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments

are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits, local authority stock, government stock and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income

For financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the average cost method.

The amount of any write-down for the loss of service potential from cost to net realisable value is recognised in the surplus or deficit in the period 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 the land at the date of transfer is its deemed cost.

Cost 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.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and 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.

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

Equity

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

The components of equity are:

- Retained earnings
- Self-funding reserves

- Council created reserves
- Restricted reserves
- Fair value through equity reserves
- Cashflow hedge reserves
- Asset revaluation reserves
- Electricity reserve

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 references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserves

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

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Cash flow hedge reserves

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

Electricity reserve

This reserve comprises of the difference generated as a result of council buying electricity on the spot rate and oncharging cost centres a fixed rate.

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 has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Provisions

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 the 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".

Environmental

The council has a responsibility to provide ongoing maintenance and monitoring of the Rotorua Landfill. A provision has been estimated taking into account existing technology and using a discount rate of 7%.

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

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 is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at

amortised cost using the effective interest method.

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.

A liability and an expense for bonuses where 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.

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 for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

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.

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 to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount 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.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

The Council belongs 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.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from 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 payable.

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.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

Government grants are received from the New Zealand Land Transport Agency, which subsidises part of the costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Sale of goods

Sales of goods are recognised when a product is sold to the customer.

Statement of accounting policies

Traffic and parking infringements

Revenue from traffic and parking infringements are recognised when payment of the ticket is received.

Agents

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest and dividends

Interest income is recognised using the effective interest method.

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

Development 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 the Council provides, or is able to provide, the service.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profit less losses, the net amounts are presented under other liabilities.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Currently Council holds no finance 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 on a straight-line basis over the lease term.

Borrowing costs

The Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs* (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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 a successful applicant has been notified of the Council's decision.

Foreign currency transactions

Foreign currency transactions are translated into the 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 are recognised in the statement of comprehensive income.

Rounding

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

Note 1

Self Funding Accounts

as at 30 June:	Opening Balance 2012/13 (\$000)	Income (\$000)	Operating Expenditure (\$000)	Capital Expenditure (\$000)	Closing Balance 2021/22 (\$000)	
Energy Events Centre	(4,450)	0	0	0	(4,450)	Cost of the Energy Events Centre to be funded by external sources.
Pensioner Housing	1,043	8,490	7,531	614	1,389	A ring fenced account to ensure the ratepayer is not funding the cost of pensioner housing.
Rotorua Airport Infrastructure	(58,629)	62,696	41,926	9,056	(46,914)	A ring fenced account to be able to track the cost and balance on the airport infrastructure account.
Refuse Collection	(134)	28,870	32,731	-	(3,995)	This is an entity within waste management. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Landfill	(7,534)	64,586	41,101	8,882	7,069	This is an entity within waste management. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Wastewater Urban	14,109	129,305	84,983	40,557	17,875	This is the Waste Water Treatment Plant, within the Sewerage and Sewage activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Wastewater Rural	1,321	50,662	10,507	55,375	(13,899)	This covers the sewerage schemes for Lake Okareka, Blue Lake, Hamurana, Awahou, Gisborne Point, Lake Rotoiti, Mamaku, Lake Rotoma, Tarawera and Reporoa, and is within the Sewerage and Sewage activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Eastern Sewerage Scheme	1,550	12,526	3,465	-	10,610	This covers the sewerage schemes for Brunswick, Duxton, Marama Point, Mourea, Okawa Bay, Okere Falls, Otaramarae, Whangamarino and Rotokawa, and is within the Sewerage and Sewage activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Urban Water	(2,077)	98,656	57,593	29,253	9,733	This reserve tracks the costs in relation to the urban water supply. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.

Note 1 cont.

as at 30 June:	Opening Balance 2012/13 (\$000)	Income (\$000)	Operating Expenditure (\$000)	Capital Expenditure (\$000)	Closing Balance 2021/22 (\$000)	
Mamaku Water	(96)	2,614	1,601	110	807	This reserve tracks the costs for the supply of water to the Mamaku area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Rotoiti Water	(73)	1,217	1,050	36	59	This reserve tracks the costs for the supply of water to the Rotoiti area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Rotoma Water	(47)	1,031	857	62	65	This reserve tracks the costs for the supply of water to the Rotoma area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Kaharoa Water	(363)	3,366	2,523	350	130	This reserve tracks the costs for the supply of water to the Kaharoa area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Reporoa Water	(2,918)	6,634	4,926	209	(1,419)	This reserve tracks the costs for the supply of water to the Reporoa area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Hamurana Water	(53)	1,374	1,108	5	208	This reserve tracks the costs for the supply of water to the Hamurana area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Okareka Water	(10)	846	707	38	90	This reserve tracks the costs for the supply of water to the Okareka area. It is within the Water Supplies activity. The reserve has been established on the basis that the activity will generate enough revenue over time to cover the cost of the operation.
Electricity Hedge	501	-	0	0	501	Council has established a self hedged electricity account.
	(57,860)	472,873	292,609	144,547	(22,141)	

Negative is overdraft

Note 2

Council Created Reserve Accounts

as at 30 June:	Opening Balance 2012/13 (\$000)	Income (\$000)	Operating Expenditure (\$000)	Capital Expenditure (\$000)	Closing Balance 2021/22 (\$000)	
Reporoa Domain	42	529	0	0	571	This is a ring fenced account where revenue collected in relation to the Reporoa Domain is applied to funding as requested from the Reporoa community on Reporoa reserves.
Waikite Domain	19	511	0	0	530	This is a ring fenced account where revenue collected in relation to Waikite Domain is applied to funding as requested from the Waikite community on Waikite reserves.
Development Contributions						
Public Amenities	(8,912)	3,091	3,536	1,336	(10,693)	Public amenities includes the Library, Museum, Events Centre projects and Parks Development projects. This is collected district-wide.
Land Drainage and Stormwater	(544)	867	1,245	2,872	(3,794)	This covers the urban area stormwater drainage project and is collected urban area-wide.
Transportation	545	4,320	7,768	20,399	(23,302)	This covers local roading projects including Lake Road, Victoria Street, Malfroy Road Roundabout, and Malfroy/Old Taupo Roads intersection. It is collected district-wide.
Wastewater	(13,816)	4,696	12,503	3,850	(25,473)	This is for two major urban wastewater upgrade projects including the capacity upgrade to the wastewater treatment plant. Collected from the contributing catchments.
Water Supply	(4,709)	1,525	5,639	6,933	(15,757)	This includes the urban and rural water supply projects and is collected from these catchments.
	(27,375)	15,539	30,691	35,390	(77,918)	

Negative is overdraft

Note 3

Restricted Reserve Accounts

as at 30 June:	Opening Balance 2012/13 (\$000)	Income (\$000)	Operating Expenditure (\$000)	Capital Expenditure (\$000)	Closing Balance 2021/22 (\$000)	
Reserves Development	3,844	9,192	155	6,442	6,439	Contributions taken under the Resource Management Act to fund purchases of land for recreation purposes.
Creative NZ Reserve	26	21	0	0	47	Creative Communities New Zealand scheme funds available for promoting the arts.
	3,870	9,213	155	6,442	6,486	

Note 4

Depreciation and Amortisation

as at 30 June:	Long Term Plan Budget >>									
	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Castlecorp Business Unit	818	799	766	853	971	1,041	1,025	1,060	1,145	1,241
Community Engagement & Support	851	859	426	394	414	427	443	456	463	460
District Library	829	863	940	986	1,011	1,087	1,117	1,072	1,060	1,060
Emergency Management	32	34	33	34	36	36	35	34	35	49
Governance & Strategic Direction	1,747	2,080	2,171	2,190	1,815	1,820	1,804	1,776	1,612	1,631
Building Services	4	2	-	-	-	-	-	-	-	-
Economic Development	2,383	2,455	2,649	2,633	2,666	2,665	2,654	2,704	2,655	2,868
Planning	-	-	-	-	-	-	-	-	-	-
Regulatory Services	25	27	29	27	29	28	28	26	14	11
Aquatic Facilities	333	350	399	190	185	187	175	174	224	473
Engineering Services	23	13	15	15	14	23	32	32	31	31
Public Gardens, Reserves & Cemeteries	1,580	1,610	1,496	1,461	1,477	1,503	1,576	1,563	1,599	1,549
Roads and Footpaths	4,743	5,068	5,282	5,554	5,802	6,205	6,370	6,671	6,937	7,563
Rotorua Airport Infrastructure	1,061	1,067	1,067	1,075	1,087	1,095	1,101	1,023	1,042	1,039
Sewerage & Sewage	2,111	2,128	2,146	2,160	2,180	2,197	2,202	2,216	2,219	2,181
Stormwater & Land Drainage	4,234	4,748	5,251	5,374	5,482	5,401	5,552	5,548	5,538	5,560
Waste Management	506	403	1,049	1,058	1,197	743	732	666	491	371
Water Supply	3,109	2,984	2,715	2,862	2,940	2,907	2,798	2,655	2,634	2,643
	24,389	25,490	26,434	26,866	27,306	27,365	27,644	27,676	27,699	28,730

Introduction

The Local Government Act 2002 (LGA2002) requires the adoption of policies which outline how operating and capital expenditure for each activity will be funded. They are aimed at providing predictability and certainty about sources (the types of revenue) and levels of funding.

The Act requires the Council to manage its finances prudently and in a manner which promotes the current and future interests of the community. The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses and that its long-term development programme is financially sustainable.

Section 101 of the Local Government Act 2002 sets the scene for how a council must manage its financial affairs.

Introduction

The revenue and financing policy sets out Council's policies in respect of funding of operating and capital expenditure.

Section 103(2) sets out the funding mechanisms that Councils are to use in funding the operating and capital expenditure of their activities. They are:

- General rates;
- Targeted rates;
- Lump sum contributions
- Fees and charges;
- Interest and dividends from investments;
- Borrowings;
- Proceeds from asset sales;
- Development contributions;
- Financial contributions under the Resource Management Act 1991;
- Grants and subsidies;
- Any other source.

Council has taken account of all these funding sources in designing its revenue and financing policy.

What activities should Council fund?

In this Long-term Plan Council has identified eight community outcomes, which are preferred to throughout this document.

The range of activities undertaken by Council is designed to fulfil the outcomes wanted by the community.

The process of preparing the Long-term Plan addresses how Council can best fulfil these outcomes at the level of service required by the community.

The process also identifies:

- A. Activities that Council should undertake and fund;
- B. Who should pay (after taking into account who benefits or causes the activity and the timing of such benefit or cause);
- C. Who causes the costs (and how much (if any) adjustment needs to be made to any fee or charge or allocation thereof for fairness, equity, wellbeing or ability to pay reasons);
- D. The most appropriate funding or charging mechanism to collect the revenue;
- E. Reviews and summarises the overall result in the funding impact statement.

A summary of the activity groups is included in the funding policy table on pages 234-243.

What activities should Council undertake?

These have been identified elsewhere in the Long-term Plan and are categorised under the following headings:

- Corporate and Customer Services
- Economic and Regulatory Services
- Infrastructure Services
- Castlecop

Who should pay?

Who benefits?

Council needs to consider who benefits from each group of activities.

Economic theory places all goods and services on a continuum. The position of particular goods or service depends on the degree to which it possesses the following two characteristics:

- Rivalry in consumption – goods are rival in consumption if one person's consumption of the goods or service prevents others from doing so, e.g. chocolate bars are goods with a large degree of rivalry in consumption; if Bill eats them, Jane cannot.

- Excludability - a goods or service are excludable if a person can be prevented from consuming the goods or service, e.g. if Bill doesn't buy a movie ticket then the usher can exclude him by preventing him from entering the theatre.

At one end of the continuum there are the so-called 'public goods'. These are goods which are both non-rival and non-excludable, i.e. everyone can consume them and no-one can be prevented from consuming them if they wish. A good example of public goods is national defence, where the whole community is protected from an invasion by the armed forces whether it wishes to be or not, and this protection cannot be removed from anyone in New Zealand. The costs of these 'public goods' are recovered from the public as a whole (i.e. income tax for national services, or in a local community general rates).

At the other end of the continuum are 'private goods' which are both rival in consumption and excludable. Most of our daily consumables are private goods. The costs of these can be recovered through user-charges or targeted rates.

Very few goods and services are entirely public goods or private goods. Most goods and services are 'mixed goods' and fall somewhere between the two ends of the continuum which leads to a mix of funding mechanisms.

The characteristics of goods or a service determine what type of funding tool might be used to fund a particular service. Local authorities may already have made judgements about what they consider are public goods when deciding whether or not to undertake a particular activity. The activity plans identify which activities Council considers:

- Benefit the community as a whole
- Benefit part of the community
- Benefit individuals

Analysis of benefits

Council has analysed the cost and benefits of all its activities, having regard to cost, availability and use. Direct charging mechanisms are used where individuals are considered to derive benefit and it is practical for Council to charge the user. These charging mechanisms mostly include: fees and charges as well as targeted rates for services.

For activities which benefit the wider community Council has reviewed whether there is more benefit derived by certain sectors of the community. It was concluded while some sectors may benefit from certain activities, other sectors benefit more from other activities. Therefore Council has funded most of the remaining costs of its activities (after deducting the user fees and charges and targeted rates for services) from the general rate and district-wide targeted rates.

Balancing funding requirements of today and those of tomorrow (intergenerational equity)

The LGA 2002 requirement to consider periods in or over which benefits are expected to occur relates to allocating costs of capital expenditure fairly between the ratepayers of today and tomorrow to ensure intergenerational equity. The mechanism to achieve this is borrowing, so that servicing and repayment costs are spread over the period of enjoyment of the asset.

Council is also required to manage its affairs prudently. The Treasury Policy, which deals with borrowing and investment, is designed to ensure Council is prudent in its financial decision-making.

Some activities of Council relate to a portion of the district rather than to the district as a whole. These are ring-fenced for the purpose of

managing costs and revenue i.e. identified as separately funded activities. They include:

- refuse collection
- water supply schemes
- waste water schemes

Borrowings relating to these activities come within the ring fence and are dealt with on an inter-generational basis.

Other activities Council has resolved will be funded mostly by income derived from the activity. Consequently the borrowing relating to these activities is also ring-fenced and is consequently dealt with on an intergenerational basis. The activities include:

- Rotorua Airport
- Pensioner Housing

In some cases general rate funding is provided, but this is clearly identified.

Other borrowings, being those that fund district-wide activities and the general purposes of Council, are not related to specific assets and are only entered into where it is prudent to do so. The cost of servicing is allocated across these activities in proportion to the capital involved in each activity.

Council's view of the inter-generational equity concept is that it does not necessarily promote a high level of borrowing for assets that provide benefits over time, and thus over generations. Rather, it requires Council to adopt a funding strategy that charges and rates on a consistent basis over time, with each generation paying its fair share.

Further, generations do not begin and end simultaneously. Generations change their composition on a rolling basis. Each generation inherits benefits from the past and passes benefits on to the future.

Accordingly, Council's approach has been to combine a prudent approach to borrowing with a consistent level of rating so that rates are levied on a consistent basis over time with each generation making its contribution.

Who causes the costs?

Certain activities may be undertaken by Council to remedy the negative effects of actions or inactions of any persons or categories of persons. These costs are sometimes referred to as "exacerbator pays" or "polluter pays", depending on the nature of the costs. They may not necessarily be bad or negative, but they may have negative effects on the community or environment. They typically include costs that have been caused by a person or category of persons, such as trade waste and costs arising from the lack of control of animals.

Council has, in its funding policy, sought to recover most of these costs from the persons and categories of people who cause the costs. The mechanisms mostly used are direct fees and charges.

Overall impact of allocation of liability for revenue

The fees, charges and other funding mechanisms used are based on a sustainable approach reflecting social, economic, environmental and cultural wellbeing of both the current and future Rotorua community. In setting fees, charges, and rates, Council recognises the need to consider factors of fairness and equity including wellbeing and ability to pay. It does so by setting direct charges at a level that is sustainable and promotes wellbeing and by using differentials for the allocation of general rates.

Council has a sustainable approach for its overall funding. Having considered the allocation of liability for funding revenue needs, Council must weigh this against the current and future social, economic, environmental and cultural wellbeing of the community. This necessarily takes into account ability to pay.

Councils have found there is a limit to which they can levy rates purely according to user pays. A range of factors come into play, not least of which is the inability of some users to pay for services and the inappropriateness of depriving them the use of Council services if they cannot afford them. A specific example is libraries. Councils will only recover approximately 5%-15% of their costs by direct charges. Above this level, people use libraries less, which is undesirable in itself, and the unit cost of maintaining a library increases. Hence, both the individual and the community are worse off.

Differentials (multiplier or discounts on rates) are used to address the social, economic, environmental and cultural wellbeing of the community; in other words to achieve a level of fairness across the district. This includes the ability to pay of various groups of ratepayers. Other mechanisms for such purposes are the Council's remission policies.

Selection of the most appropriate charging mechanism

How does Council pay for these services?

Council derives its income from several sources, and rates form part of the gross income of Council after it has exhausted other sources of revenue.

Council considers the extent to which activities can be funded by fees, charges and other non-rating mechanisms such as:

- Income from sales, commission and investments
- Fees and charges
- Development and financial contributions
- Other forms of direct charges

These are supplemented by:

- Subsidies, where available
- Grants, where available
- Allocations from central government and regional offices, where available
- Business
- Borrowing, for intergenerational funding

Income from sales, commission and investments

Some Council activities generate income from entrance fees, sales of product, commissions on sales, event management and similar opportunities.

Fees and charges

Where possible, Council sets fees and charges to recover the full or part of costs for a variety of services provided. Various types of regulatory services are also bound by statutory fees, e.g. under the Building Act 2004, Sale of Liquor Act 1989.

Development and financial contributions

Capital expenditure, relating to growth, can be funded through development contributions, as prescribed in the LGA 2002 and/or by financial contributions prescribed in the Resource Management Act 1993.

Subsidies, grants and funding allocations

Council looks for opportunities to apply for alternative sources of funding including subsidies, grants and allocations from central government, regional offices, foundations and other organisations where this may be available.

These are discretionary based on policy and available funds of the contributing organisation and may vary from year to year.

Business

Council may enter into business to supply another source of funding. This may include business partnerships.

Borrowing for intergenerational funding

The LGA 2002 requirement to consider periods in or over which benefits are expected to occur relates to allocating costs of capital expenditure fairly between the ratepayers of today and tomorrow to ensure intergenerational equity. The main mechanism to achieve this is borrowing. The Treasury Policy, which deals with borrowing and investment, is designed to ensure Council is prudent in its financial decision-making, and borrowings are only entered into where it is prudent to do so.

General Rates

General rates apply:

- if the community as a whole generally gains benefit from the service; or
- it is available to all to take advantage of, the recovery of the cost is dependent on ability to pay; or
- the cost is not directly or readily recoverable from a particular group; or
- it cannot be reasonably collected by any other means.

The general rating mechanisms are:

- a UAGC (uniform annual general charge) on each rating unit (property); and
- a general rate of cents in the dollar of value.

If one sector gets more benefit than others, a differential is adopted to:

- a) take account of the level of benefits available; or
- b) carry out specific policies of Council; or

c) take account of various purposes and wellbeing issues, including ability to pay.

Also, if a sector needs to be subsidised, then general rates are charged on a differential basis.

When costs cannot be recovered other than by way of general rate, they effectively become a tax on property value. As a tax on property value, general rates are governed by the attributes of a proportional tax (a standard rate in the dollar of value). This feature might be identified as progressive in effect.

A general rate is a tax that can be applied on property at a standard rate across the district.

Therefore high value properties pay more than low value properties. This is generally referred to as an undifferentiated system. But this may give unrealistic results that are not sustainable, which in turn means they may not be fair, equitable and reasonable. The solution may be to use differentials. Differentials exist when different general rates are applied to different categories of property.

Targeted Rates

Targeted rates may be used for various categories of land or activities undertaken.

Council considers what activities can be funded by rates that are targeted to the users and beneficiaries of particular services. The typical examples are water, sewage, and refuse collection.

Targeted rates can be:

- a uniform fixed amount; or
- a rate of cents in the dollar of value.

Council uses direct charging (user pays) mechanisms to the extent possible and reasonable having regard to the current and

future social, economic, environmental and cultural wellbeing of the community.

Council's approach to funding

Council takes a consolidated corporate approach to the management of its financial position. Through its Long-term Plan, it balances the level of capital expenditure required to meet strategic goals and maintain current service levels which are sustainable within the prudential guidelines set. These parameters are contained in the Treasury Policy.

Most of Council's activities are funded on a district-wide basis for the following reasons:

- Synergistic relationship between city and rural communities, and lakeshore settlements.
- Large parts of district affected by lakes or their catchments and geothermal activities.
- Much of the expenditure that is local by nature being also available to all the district e.g. rural seal extension.
- Council has been even-handed with local expenditure across the district over time.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Routine ongoing plant and equipment purchases are funded from depreciation charges and operating revenue.

Capital renewals are mostly funded from depreciation (funded by revenue), and from operating revenue.

New capital developments are mostly funded from borrowing, subsidies and grants (when available), user contributions, asset sales and reserves.

Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. Borrowing, as noted above, is managed within the framework of the Treasury Policy and together with the asset management plans, helps ensure prudent stewardship and effective use of Council resources for now and the future.

Policy Statement

Funding of operating expenditure (Section 103(1)(a))

Where expenditure does not create a new asset, or extend the life or usefulness of an existing asset, it is classed as operating expenditure. Most of Council's day-to-day expenditure comes into this category. Council generates sufficient cash inflow from revenue sources (including rates) to meet cash outflow requirements for operating expenditure over the long term.

Council's operating expenditure includes the day to day costs to maintain the operation of its activities.

Council must ensure that each year's projected operating revenues are at a level sufficient to meet that year's projected operating expenses. This is the balanced budget requirement.

Council's policy for funding operating expenditure is:

- a) Direct charging mechanisms to the extent considered reasonable and practical, including:
 - Sales, commission and investment income;
 - Fees and charges;
- b) Subsidies, grants and funding allocations where these are available

- c) Targeted rates where the beneficiaries can be identified and the benefit measured
- d) Balance by way of a UAGC (uniform annual general charge) and general rates levied on a differential basis.

Funding of capital expenditure (Section 103(1)(b))

Capital expenditure is the category of expenditure that creates a new asset or extends the life of an existing asset.

Council must ensure that each year's funding for capital expenditure is at a level sufficient to meet that year's projected capital expenditure.

Council mostly utilises the following sources to fund capital expenditure:

- a) Borrowing where this best matches charges placed on the community against the period of benefits, with repayment over several years;
- b) Proceeds of assets sales if available;
- c) Development contributions and financial contributions where these are appropriate;
- d) Subsidies, grants, and funding allocations where these are available;
- e) Targeted rates where the beneficiaries can be identified and the benefit recovered;
- f) UAGC, general rates and transfers from reserves
- g) Interest and dividends where available.

The mix of mechanisms depends on the nature of capital expenditure. This can be categorised as:

Cost of renewal of assets

This is the gross cost of replacing an existing asset with a modern equivalent asset to the same function and capacity at the end of its life.

Cost of backlog

This relates to the period of a planned (or completed) capital project that is required to rectify a shortfall in service capacity to meeting

existing community direct at the current agreed levels of service.

Cost of growth

This comprises the portion of planned (or completed) capital projects providing capacity in excess of existing community demand at the current agreed levels of service.

Cost of improved level of service

This relates to the cost of improving the level of service to an agreed new level above that previously agreed.

Further information and analysis concerning the funding of both operating and capital expenditure for the respective activities of Council is provided in the body of Council's Long-term Plan in terms of the requirements set out in Section 101(3) of the Local Government Act 2002. This information includes:

- Beneficiaries of the activity
- Period of benefit
- Who creates the need for the activity
- The funding source
- Specific funding of estimated capital and operating expenditure.

Funding policy table

Activities	Who benefits (user/beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Corporate and Customer Services Group									
Community Engagement and Support comprising: Community Assistance, Community Halls, Community Policy and Resources, Pensioner Housing	✓					✓	Recipients of community grants, hall users and pensioner housing tenants are the beneficiaries.	Long Term	No
District Library	✓		Less	Less		✓	Users and borrowers	Long Term	No
Emergency Management (including rural fire)	✓		More	More			Whole community	Annual	No
Governance and Strategic Direction	✓		✓				All residents equally. Individual property owners.	Annual	No

Funding policy table

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded by general rate
Yes	Community group expectations of ongoing support. Perceptions of inequality in support provided.	Yes	N/A	20% - 40%		60%-80%
Yes	Ratepayers in outer rural areas possibly have less opportunity to access facility	Yes	N/A	5%-15%		85%-95%
Yes	No (Rural Fire benefits those in the rural area)	Yes	N/A	0% - 10%		90% - 100%
Yes		Yes	N/A	25%-35% (property rental)	1% (for community board)	65% - 75%

Funding policy table

Activities	Who benefits (user/beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Economic and Regulatory Services Group									
Regulatory Services									
<i>Animal Control</i>	✓					✓	Animal owners and whole community	Annual	Yes (dog owners)
<i>Inspection</i>	✓				More	✓	Individual property owners, specific businesses and the whole community.	Mostly annual	Premises servicing food and/or liquor and properties connected to geothermal.
<i>Parking Enforcement</i>	✓		✓		More (for businesses located in CBD)	✓	Visitors and residents parking in the CBD.	Long Term	Exacerbators are the visitors and residents who do not comply with parking regulations.
Building Services	✓					✓	Property owners	Long Term. Benefits of regulation are intergenerational.	Yes, property owners who undertake new building or alterations.

Funding policy table

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded by general rate
Some people may not be able to afford to own dog.	Dog owners (affordability) and ratepayers.	Yes	Yes. By setting the fees at an affordable level it does not act as a barrier to dog owners registered their dogs.	55%-65%		35%-45%
Yes	Businesses servicing food and liquor. Property owners connected to geothermal.	Yes	Yes	25%-35%		65%-75%
N/A	Lower socio economic group likely to not have WOF or registration.	Yes	Fines discourage undesirable behaviour (parking for lengthy period, driving unwarranted vehicle).	100%		
Yes	Affordability for property owners doing building or alterations	Yes	Yes. By setting the fees at an affordable level it does not discourage obtaining the necessary consents.	90%-100%		0%-10%

Funding policy table

Activities	Who benefits (user/beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Economic and Regulatory Services Group cont.									
Economic Development									
City Services Operations	✓				More	✓	Visitors and residents. Businesses in CBD. Also community as a whole.	Long Term	No
Economic Projects	✓				More		Businesses and commercial operators. Community as a whole.	Annual and long term	No
Tourism (including marketing and travel office)	✓				More	✓	Visitors, businesses and community as a whole.	Annual and long term	No
Events and Venues	✓				More	✓	Users of venues. Also businesses that benefit from visitors coming to Rotorua.	Long Term	No
Planning	✓					✓	Individual property owners and the whole community	Annual and long term	Individuals and groups wanting resource consents
Rotorua Museum	✓		Less	Less	More	✓	Visitors to museum	Long Term	No

Funding policy table

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded by general rate
Yes	Greater share of cost charged to business as considered they benefit more from activity.	Yes	Parking fees encourages use of public transport and less traffic in metered areas.	45%-55%		45%-55%
Yes	Greater share of cost charged to business as considered they benefit more from activity.	Yes	N/A	0%-10%	70%-80%	15%-25%
Yes	Greater share of cost charged to business as considered they benefit more from activity.	Yes	N/A	40%-50%	40%-50%	Up to 20%
Yes, although residents can be excluded from venues as a result of high revenue events and conferences securing bookings.	Increased visitors which assists businesses however, also increase in traffic congestion arising from major events and sports.	Yes	N/A	25%-45%		55%-85%
Yes	No	Yes	Yes. Encourages environmentally positive actions.	10%-20%		80%-90%
Yes	Residents able to access without fee. Businesses benefit from facility being an attraction.	Yes	N/A	45%-70%		30%-55%

Funding policy table

Activities	Who benefits (user/beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Infrastructure Services Group									
Aquatic Facilities	✓		Less	Less		✓	Users of Aquatic Centre	Long Term	No
Engineering Services	✓					✓	Individual property owners and the whole community.	Long Term	Individuals and groups wanting resource consents are exacerbators.
Public Gardens, Reserves and Cemeteries	✓		Less	Less		✓	Sports groups, reserve users (if area booked for event) and burials.	Long Term	No
Roads and Footpaths	✓		More	More		✓	Individual road users and community as a whole.	Long Term	No
Rotorua Airport Infrastructure	✓				More	✓	Passengers, business and community as a whole.	Long Term	No
Sewerage and Sewage	✓					✓	Properties that are connected/able to be connected to wastewater system. Also community as a whole.	Long Term	No

Funding policy table

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded by general rate
Yes (although some lower socio-economic families may not always be able to use).	Users of facility will be affected directly by any fee change.	Yes	N/A	30%-50%		50%-70%
Yes	Developers, adds to cost of development	Yes	Yes. Ensures compliance with Council requirements.	100%		0%
Yes	User groups and ratepayers.	Yes	N/A	15%-30%		70%-85%
Yes	More of roading budget spent in rural area.	Yes	N/A	20%-30%		70%-80%
Yes	Users of airport (affordability of service).	Yes (will depend on trans-Tasman flights coming to Rotorua in future).	N/A	20% - 45%		55% - 80%
Yes (where provided)	High cost for property owners connected to new schemes.	Yes	N/A	0% - 15%	85% - 100%	

Funding policy table

Activities	Who benefits (user/beneficiary pay principle) and across groups								
	Total Community	Residential Urban	Residential Rural	Farming	Business	Individual Users	Users/Beneficiaries	Period of benefit (Intergenerational Equity Principle)	Are there Exacerbators Y/N
Infrastructure Services Group cont.									
Stormwater and land drainage	✓		Less	Less			Property owners where systems in place and community as whole	Long Term	No
Waste Management	✓		Less	Less		✓	Individuals disposing of waste, and community as a whole.	Long Term	Some exacerbators (fly tipping)
Water Supplies						✓	Properties that are supplied/able to be supplied water.	Long Term	No

Funding policy table

Will proposed funding allow residents access to facility or service	Are there any implications for specific groups e.g. community or business?	Is approach financially sustainable?	Does it provide incentive/disincentives e.g. environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded by general rate
N/A	Moving a portion from general rate allocated on land value will reduce the impact on farming and rural residential. Businesses with high capital values may pay an increased share.	Yes	N/A		0% - 10%	90% - 100%
Yes	No	Yes	Landfill fees and limited collection service can result in greater level of littering.	65%-75%	20%-30%	5%-15%
Yes (where provided)	Greater cost for those connected to smaller schemes. Could consider amalgamating schemes.	Yes	No incentive to conserve water as uniform targeted rate (except those on water by meter).	45% - 55%	100% (including water by meter)	45% - 55%

Funding policy mechanisms (in summary) 2013

Total Revenue: Fund Operational and Capital Expenditure							
User Fees and Charges and Trading Revenue	Targeted Rates for Water	Targeted Rate for Wastewater	Uniform Annual General Charge (UAGC)	General Rates	Other Targeted Rates	Loans, Interest, Grants, Subsidy, Asset Disposal	Development Contributions (DC), reserve movements and Financial Contributions (Funding Growth)
Total Rates Revenue (Funding operating and asset renewal costs)						Capital Funding	
<p>Fees and charges are to be increased regularly to ensure they are at least in line with CPI/ inflation movements.</p> <p>New charging opportunities explored such as: parking on reserves, property file access.</p> <p>Reduces impact on rates.</p>	<p>Charged on a uniform basis to residents connected and capable of being connected to a council scheme. There are some users (mostly larger commercial operations) that are charged on the basis of usage as measured by meter.</p> <p>Rates calculated on basis of annual cost for each individual scheme.</p> <p>Alternative is an equalized rate over all water supply schemes in district.</p> <p>Consider wider use of metering in longer term to assist with conservation.</p>	<p>Charged on a uniform basis to residents connected and capable of being connected to the council scheme.</p> <p>Balanced budget will be important consideration in response to the \$32m grant and payment of lump sum contribution by some property owners on the establishment of the target rate to fund capital.</p> <p>Equalisation of operating costs will need to be monitored in a transparent manner.</p>	<p>Quantum as close to 30% cap (26% for 2008/09).</p> <p>Activities funded by the UAGC (previously simply a minimum contribution to Council services)</p> <p>Activities funded from the UAGC include:</p> <ul style="list-style-type: none"> ▪ Animal Control ▪ Aquatic Centre ▪ Cemeteries and Crematorium ▪ Community Halls ▪ Democracy & Kaupapa Maori ▪ District Library ▪ Emergency Management/Rural Fire ▪ Events & Venues (PART) ▪ Governance & Strategic Direction ▪ Rotorua Museum (PART) 	<p>Lower amount with greater use of targeted rates and increase in the UAGC.</p> <p>Will retain the land value based system.</p> <p>Growth in rating base will continue at around 1.5% per annum which will allow increase in rates revenue without "rate in the dollar" of LV increasing.</p> <p>Activities funded from General Rates include:</p> <ul style="list-style-type: none"> ▪ Community Engagement & Support ▪ Parks & Reserves ▪ Stormwater & Land Drainage ▪ Roads & Footpaths ▪ Waste Management ▪ Economic Development ▪ Planning Services ▪ Regulatory services ▪ Building Services ▪ Events & Venues (PART) ▪ Rotorua Museum (PART) ▪ Engineering Services 	<p>Refuse collection rate for ratepayers receiving this service, also lake enhancement, urban sewerage development, lakes community board and economic and business development rates charged on a uniform basis.</p>	<p>New capital mostly funded from loans – exception are grants and subsidies for specific projects such as roading and sewerage schemes.</p> <p>Rotorua Partners Programme will potentially assist with capital for:</p> <ul style="list-style-type: none"> ▪ Civic Theatre ▪ Airport ▪ Museum 	<p>Limited new capital expenditure included in schedule of work for DC policy.</p>
\$26.3m	\$7.0m	\$10.1m	\$15.1m	\$30.0m	\$8.3m	\$30.9m	\$5.1m

FINANCIAL IMPACTS

Introduction

The three yearly revaluation has resulted in some major shifts in values across the district. These have been most pronounced in the rural sector where farm values decreased by between 30-40%. Within the residential sector, most urban values fell slightly. The exceptions continue to be properties at the lakes, where there have been increases in land value of 5-20%. These changes have had significant impact on the rating system

Changes for 2012/13

Council is making the following changes:

- Change from a land value to capital value system.
- Remove all general rate differentials with exceptions being to apply a:
 - 85% differential to Rural Residential properties
 - 220% differential to Business properties
 - These exceptions are envisaged to be temporary to assist with transition in the longer term to an undifferentiated rating system
- Merge targeted rates for Roding and Stormwater & Drainage back into the General rate.
- Change the way the Business and Economic Development Targeted rate is allocated across the three targeted sectors to 80% business, 10% industrial, 10% farming.
- Replace the Business and Economic Development variable targeted rate from the home based short term accommodation (B&B) sector with a stepped fixed charge based on the number of rooms let.
- Remove rating apportionments (parts) for those properties where the minor part has not been created for the purposes of assessing rates for a higher rated use e.g. motels with a minor residential part.

- Clarified holiday homes will be rated as residential so long as not let for more than 100 days per annum. Beyond this will be considered to be principally business use.
- Move to district-wide targeted rates for water supply with the exception of Kaharoa and Reporoa schemes.

Changes indicated for the future

- Council has indicated it will consult in the 2013/14 draft annual plan on a fixed charge for holiday homes and other home businesses as a contribution to the Business and Economic Development Targeted Rate.
- Council is committed to moving all differentials to 1.0 over time through the annual plan process.

Policy Statement

This policy is based on a move from a land value to a capital value based rating system using a minimum of differentials. There is also a rationalisation of the business and economic development targeted rate application and changes to the rating of home based short-term accommodation properties.

Purpose

The purpose is:

- To establish the basis for funding part of the revenue forecast as being required to perform the duties of Council; and
- To promote the social, economic, environmental and cultural wellbeing of the district's communities, in the present and for the future.

Definitions

The term:

“Business purpose” means any purpose of commerce, trade, or industry; but does not include any farming purpose.

“Farming purpose” means used for agricultural, horticultural or pastoral or forestry purposes or the keeping of bees or poultry or other livestock.

“Property” means, either the part or the whole of any rating unit (as the case may be) used for a particular purpose. (Explanatory note: The intention is that where different parts of a property that constitute a rating unit are being used for different purposes, they may be rated differently).

“Residential purposes” means occupied or intended to be occupied for the residence of any household being a residential unit including holiday homes that may be let for short-term periods not exceeding 100 days per annum.

“Residential unit” means a self-contained home or residence of a single household unit which contains a single kitchen facility.

“Retirement village” being as defined within the Retirement Villages Act 2003.

“Rural Sector” means the part of the Rotorua District which is not the Urban Sector.

“Separately used or inhabited part” being any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement.

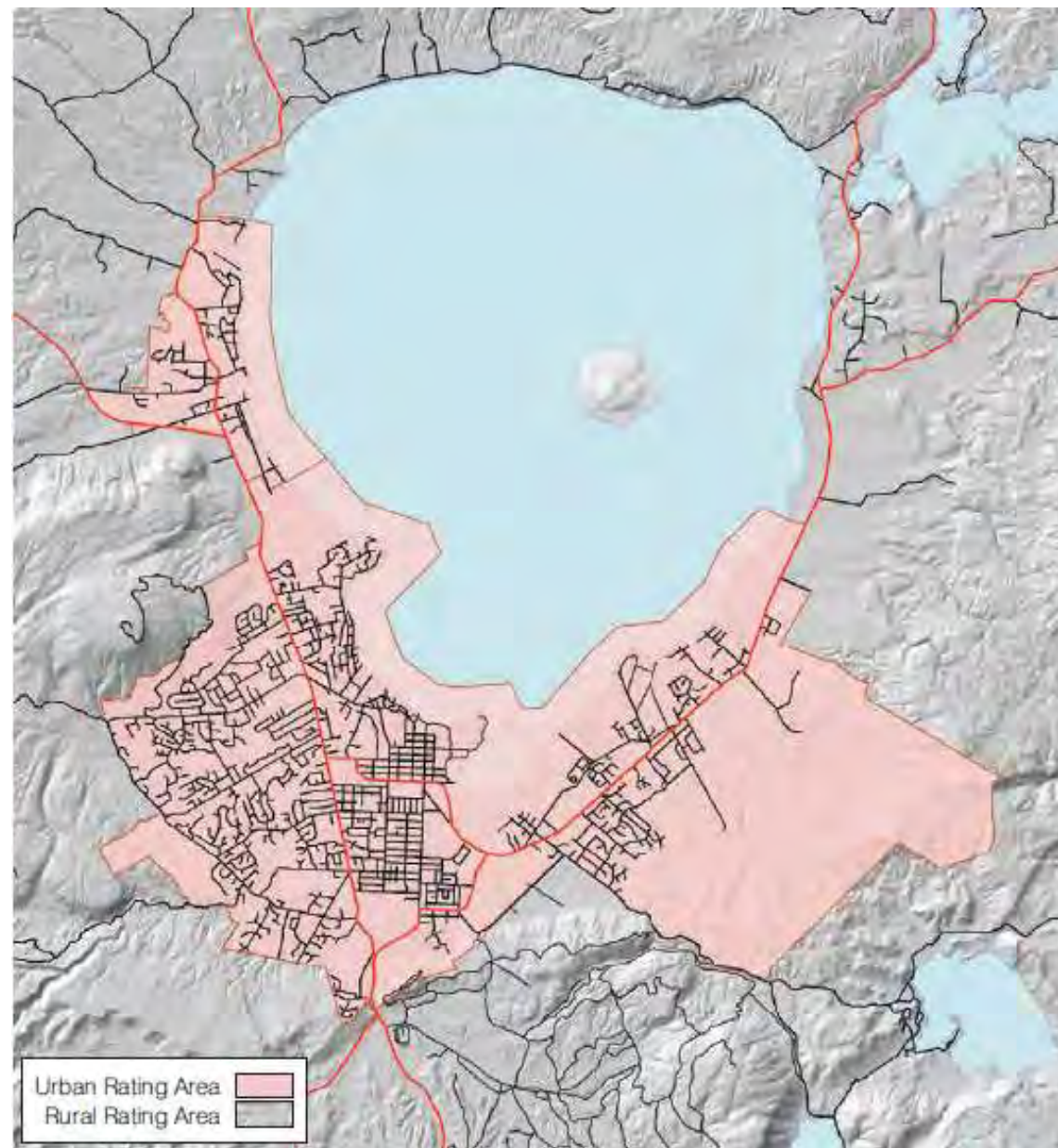
“Urban Sector” means the area as shown on the map below (a larger copy is available at the Council Civic Centre). The boundary has been set to recognise the urban growth trends and where properties have similar access to services (but not necessarily the same). This boundary will be reviewed from time to time as necessary to accommodate changes to the above and follows rating unit boundaries rather than dissecting properties.

“Utilities” being all rating units situated within the Rotorua District that have been identified by the Valuer General as infrastructure utility networks.

“Vacant Land” means land which is in an undeveloped state and is not being used or occupied for any purpose.

“Zoned” means zoned in accordance with the operative Rotorua District Plan.

Rotorua Urban Rating Boundary



Uniform Annual General Charge

Council sets a uniform annual general charge on every rateable rating unit in the district for the purposes of, but not necessarily limited to, funding the following types of activities of Council:

- Democracy & Kaupapa Maori
- Governance & Strategic Direction
- District Library
- Aquatic Centre
- Rotorua Museum (part)
- Events & Venues (part)
- Community Halls
- Cemeteries & Crematorium
- Animal Control
- Emergency Management/Rural Fire

The UAGC is set at a level that is determined by Council each year, subject to the maximum allowed under Section 21 of the Local Government (Rating) Act 2002.

Differential General Rates

Council sets general rates on a differential basis:

- a) Council sets a general rate in the dollar on capital value set differentially according to two different rating categories to fund that part of the general revenues of Council that are not funded by the uniform annual general charge.
- b) The objective of including differentials in the general rate is to achieve a fair distribution of the general rate between categories of rating units having regard to matters of social, economic, environmental, and cultural wellbeing.
- c) The relationship between the general rate differentials applicable for each rating category for 2012/2013 is set as follows:

		Relative differentials for the general rate
General rate differential categories		
1	Base Rate	100%
2	Business	220%
3	Residential Rural	85%

For comparative purposes a table is included showing how the current rating categories will transition to the 2012/13 categories:

General rate differential categories 2011/2012	General rate differential categories 2012/2013
Residential General Urban	Base Rate
Residential General Rural	Residential Rural
Residential Vacant Rural	Base Rate
Residential Two Unit Urban	Base Rate
Residential Three Unit Urban	Base Rate
Residential Four Unit Urban	Base Rate
Residential Multi Unit	Base Rate
Farming General	Base Rate
Business Urban	Business
Business Rural	Business

Differential categories

In general a rating unit will fit into one differential category only, however it is recognised that situations occur where a rating unit has multiple uses. In such cases there will usually be a principal or primary use and a secondary use. In these cases where Council considers the secondary use is significant and that secondary use would incur additional rates then that part of the rating unit may be rated according to the secondary use differential category.

The differential categories are as follows:

Base Rate

Every property not otherwise categorised.

Residential - General Rural

Every property in the rural sector which is not more than five hectares in area and used for residential purposes.

Business

Every property which is:

- a) used for any business or industrial purpose.
- b) vacant land which is not zoned residential or rural.

This category includes utilities but does not include residential investment properties, regardless of number of units, provided they are let for long term tenancies.

Targeted Rate for Lakes Enhancement

Council sets a targeted rate of a fixed amount on every rating unit in the district that pays a UAGC, excluding those that are within the Waikato Regional Council area, to contribute towards

lakes enhancement by way of improving lake water quality.

Targeted Rates for Water Supply

Council sets differentiated targeted rates for all:

- separately used or inhabited parts of a rating unit, to which water is provided by unmetered supply, subject to any rating unit used primarily as a residence of one household being deemed to have a single water connection, or
- rating units, to which water is provided by metered supply, or
- rating units which are serviceable.

For these purposes:

- A **"rating unit connected"** is one to which water is supplied from a council water supply service.
- A **"serviceable rating unit"** is one to which water is not provided, but the whole, or some part of the rating unit is within 100 metres of a council water supply service and is within a water supply area and could be effectively connected to that water supply service.

Unmetered water supply

A targeted rate:

- A fixed amount per connection on each separately used or inhabited part of a rating unit connected.

Metered water supply (except Kaharoa and Reporoa)

- A targeted rate of a fixed amount per connection on each rating unit connected.
- A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied in excess of 'x' cubic metres per quarter, where 'x' is the amount specified for this targeted rate in the Funding Impact Statement of the Annual Plan.

Note: Targeted rates for metered supply are invoiced quarterly by separate invoice.

Serviceable rating units:

- A targeted rate of a fixed amount (being 50% of the unmetered connected targeted rate above) on each serviceable rating unit.

Details of council's water supply areas are available from the water section of Infrastructural Group.

Kaharoa water supply

These rates are set on rating units identified on Plan Number 11015 Sheet 7. Refer to water section of Infrastructural Group.

A targeted rate of a fixed amount per connection on each rating unit connected.

A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.

Note: Targeted rates for metered supply are invoiced quarterly by separate invoice.

Reporoa water supply

These rates are set on rating units identified on Plan Number 11015 Sheet 8. Refer to Water section of Infrastructural Group.

For these purposes:

"Domestic/Non-Farming" rating unit means a rating unit where the water supply is not subject to water allocation and a corresponding restriction on a flow or time basis. This applies to rating units primarily for domestic, commercial or industrial use excluding the Reporoa Dairy Factory.

"Farming/Dairy Factory" rating unit means a rating unit primarily for farming of livestock and also includes the Reporoa Dairy Factory. Such rating units are subject to a daily water allocation restricted on a flow or time basis.

A differential targeted rate:

- A fixed amount per connection on each Domestic/Non-Farming rating unit connected.
- A fixed amount per connection on each Farming/Dairy Factory rating unit connected.

A differential targeted rate:

- A fixed amount on each Domestic/Non-Farming rating unit connected per cubic metre supplied in excess of 'x' cubic metres per quarter, where 'x' is the amount specified for this targeted rate in the Funding Impact Statement of the Annual Plan.
- A fixed amount on each Farming/Dairy Factory rating unit connected per cubic metre supplied in excess of 'x' cubic metres per quarter, where 'x' is the amount specified for this targeted rate in the Funding Impact Statement of the Annual Plan.

Note: Targeted rates for metered supply are invoiced quarterly by separate invoice.

Leakage

In respect of all metered water supply, where leakage is detected, the amount of water supplied will be determined in accordance with Council's procedure relating to account reassessments.

Targeted Rates for Sewage Disposal

Council sets targeted rates on a differential basis for all rating units from which sewage is collected, or which are serviceable rating units.

For these purposes:

- The **"uniform sum"** means the amount payable when a rating unit has or is deemed, by Schedule 3 Note 4 of the Local Government (Rating) Act 2002, to have a single water closet or urinal. (Schedule 3 Note 4 relates to rating units used primarily as a residence for 1 household).
- **"connected"** means a rating unit from which sewage is collected, either directly or by a private drain to a public sewerage system.
- A **"serviceable rating unit"** is one from which sewage is not collected, either directly or by a private drain to a public sewerage system, but the whole, or some part, of which is within 30 metres of Council's sewerage system and could be effectively connected to the sewerage system.
- **"Toilet"** means: a) a water closet; or b) each 1.5 metres or part thereof of urinal; or c) from 1 to 4 wall mounted urinettes.
- **"Category 1"** means the rating units with 1 to 4 toilets.
- **"Category 2"** means the rating units with 5 to 10 toilets.
- **"Category 3"** means the rating units with 11 or more toilets.
- **"Availability"** means those properties which are serviceable rating units.

Council sets the following targeted rates:

Urban, Eastern and Rural Sewage Disposal

This rate is set on rating units identified on Plan Number 11163 Sheets 2, 4, 5 and 14. Refer to Wastewater section of Infrastructural Group.

A differential targeted rate calculated as a fixed amount per toilet connected to the sewerage system on each rating unit as follows:

- Category 1 100% of the uniform sum
- Category 2 85% of the uniform sum
- Category 3 80% of the uniform sum

- Availability 50% of the uniform sum [per rating unit]

Targeted Rate for Urban Sewerage Development

Council sets an urban sewerage development rate to fund the cost of sewerage capital work in the Ngongotaha, Fairy Springs and Hinemoa Point areas by way of a uniform targeted rate on each rating unit in the "Urban Sector" that pays a UAGC.

Targeted Rates for Capital Cost of Sewerage Schemes

The purpose of these rates is to recover the capital cost of establishing the schemes over 25 years.

These rates are set to recover from existing ratepayers their share of the capital cost of their respective sewerage scheme. Future developments will be required to pay a share of the capital contribution towards the capital cost of the scheme (including associated interest), as per the Development Contributions Policy proposed elsewhere in this plan.

The targeted rates for the sewerage schemes are set on the remaining capital contribution after allowing for a general rate subsidy of \$1,500 per household unit equivalent and taking into account the relevant central and regional government subsidies.

The targeted rates for the respective sewerage schemes are applied only to those properties that have not taken the opportunity to pay their contribution towards the capital costs as a single lump sum option. Those ratepayers who have made or make a single lump sum capital contribution will not be liable for the sewerage scheme targeted rate. Single lump sum capital contributions must be received by 15 June in the first financial year that Council charges a

targeted rate for capital costs for the respective sewerage scheme.

Separate targeted rates have been applied to the following sewerage scheme areas as detailed in the following policy statement.

Council sets targeted rates on a differential basis for the capital costs of the following sewerage schemes:

- Okawa Bay
- Mourea
- Marama Point
- Duxton
- Hinemoa Point
- Brunswick
- Brunswick stages 4 and 6
- Rotokawa
- Lake Okareka
- Okere/Otaramarae/Whangamarino
- Paradise Valley
- Hamurana/Awahou

Council will also set targeted rates on a differential basis for the capital cost of establishing the following sewerage schemes:

- Rotoiti from 2013/14
- Rotoma from 2013/14
- Mamaku from 2014/15

For these purposes:

- **"nominated rating units"** means properties which existed as rating units at the date of commissioning each scheme.
- **"household unit equivalent"** (HUE) means a household equivalent to enable industrial, commercial and multiple dwelling developments to be included in the calculations. It is used to convert industrial, commercial and multiple dwelling developments to a household equivalent equating to a single dwelling.

The relationship between the three categories for the purposes of setting these targeted rates in terms of the total revenue to be gathered has been set as follows:

	Revenue gathering split for the Business and Economic Development targeted rates
1. Business	80%
2. Industrial	10%
3. Farming	10%
Total revenue to be generated	100%

- The differentiated fixed targeted rate will be set on every rating unit where the use of that rating unit or any part of the rating unit falls into one of the three categories described below.
- Where such a part is secondary to the principal use and is for the business of providing short-term accommodation the rate will be charged on the basis of 100% of the targeted rate where 1 to 2 bedrooms are used for providing short-term accommodation with an additional 50% of the targeted rate for each additional bedroom provided thereafter.

The relationship between the three categories for the purposes of setting the differentiated fixed targeted rate has been set as follows:

	Relative differentials for the Business and Economic Development targeted rates
1. Business	100%
2. Industrial	100%
3. Farming	25%

- The differentiated targeted rate in the dollar on capital value will be set on every rating unit where either:
 - the principal use of that rating unit falls into one of the three categories described below, or
 - part of the rating unit has a significant secondary use that falls into one of the categories described except where that use is the business of providing short-term accommodation.

This rate will apply only to the part of the rating unit allocated to the appropriate category.

Differential Categories for the Business and Economic Development Targeted Rates:

The differential categories are as follows:

Business

Every property in the urban or rural sector and is used for any business purpose except industrial. This category includes utilities and their networks.

Industrial

Every property that has been categorised in the District Valuation Roll as being used for industrial purposes in accordance with the Rating Valuation Rules 2008.

Farming

Every property which is used for farming purposes

Notes:

1. "providing short-term accommodation" for the purposes of this rate includes the provision of accommodation such as a B&B, lodge, retreat, farmstay or homestay or the provision of other similar short-term accommodation.
2. Where land is vacant these rates will apply if the underlying district plan zoning or district valuation roll category for the land indicates any of the three categories described above should apply.

Remission and Postponement of Rates policies

Brief Statement

Council has the following rates relief policies, (and a grant in lieu of remission policy), effective from 1 July 2012, pursuant to the Local Government (Rating) Act 2002, as follows:

- Remission of penalties on current overdue instalments;
- Remission of penalties on current overdue metered water invoices;
- Remission of penalties on arrears (including past overdue instalments);
- Remission of rates on land used for certain purposes;
- Policy for grants in lieu of rate remissions;
- Remission of targeted rates for sewage from schools;
- Remission of rates for QEII National Trust Open Space Covenants;
- Remission of rates in extraordinary circumstances;
- Remission of metered water charges where leak has been detected and repaired;
- Discount for early payment of rates;
- Rates postponement;
- Remission policy on uncollectable rates;
- Remission of targeted rates for capital cost of sewerage schemes on payment of capital cost owing;
- Remission of rates on Maori freehold land;
- Postponement of rates on Maori freehold land

Generally all first time remissions and postponements approved will apply from 1 July in the year in which they are applied for. Subsequent applications will require the necessary supporting documentation to be provided in accordance with the renewal process as advised by Council. The exception will be remission of arrears penalties

Council has delegated to Council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies, except for "remission of rates in extraordinary circumstances" As a general rule and where practicable documentary evidence or statutory declaration should be provided in support of a written application. Applications for remission or postponement, or a grant in lieu of remission, must be in writing unless otherwise indicated in a policy.

All rates remission policies are at the discretion of Council, having regard to both the policy and circumstances.

Remission of Penalties on Current Overdue Instalments

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates where payments have not been received by Council by due date.

Conditions and criteria

Council will remit a penalty on the first instalment when the full year's rates are paid before the penalty date for the second instalment.

Council will consider remission of penalties on a current overdue instalment when the late payment has resulted from:

- a) significant family disruption, including death, illness, or accident to a family member as at the due date; or
- b) matters outside the ratepayer's control, including payments going astray in the post, non receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

"Good payment history" would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Remission of Penalties on Current Overdue Metered Water Invoices

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on metered water invoices where payments have not been received by Council by due date.

Conditions and criteria

Council will consider remission of penalties on a current overdue metered water invoice when the late payment has resulted from:

- a) significant family disruption, including death, illness, or accident to a family member as at the due date; or
- b) matters outside the ratepayer's control, including payments going astray in the post, non receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

“Good payment history” would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Remission of Penalties on Arrears

(arrears comprises rates from any previous rating year)

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates that are in arrears.

Conditions and criteria

Council will consider remission of penalties on arrears when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and
- c) the remission contributes to prompt settlement in full of the remaining debt or to the sale of the property and clearance of the debt in the short term.

Conditions and criteria for remission of future penalties on arrears and on future instalments in cases of severe hardship

Council will consider remission of future penalties on arrears in cases of severe hardship when:

- a) a request for remission has been made in writing; and
- b) the request includes full supporting reasons and evidence satisfactory to Council; and
- c) the purpose of the request is for the ratepayer to reach and maintain a fully paid status; and
- d) the ratepayer enters into a rates settlement arrangement that provides for collection of

both current rates and arrears in full over an acceptable timeframe, provided that:

- (i) the arrangement will be annulled if the applicant does not adhere to it; and
- (ii) Council may vary the arrangement on request; and
- (iii) Council may in extreme cases elect to also remit some or all of the penalty arrears existing at the time the arrangement was entered into if the arrangement has been adhered to and this brings about settlement in full.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so.

Remission of Rates on Land Used for Certain Purposes

Policy objective

To facilitate the ongoing provision of non-commercial community services and non-commercial sporting and recreational opportunities for the residents of the District. Providing rates remissions will achieve this by assisting the organisation's survival, and making services of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

This part of the policy will apply to land owned or occupied by a charitable, sports or recreation organization where they are recorded in Council's Rating Information Database as the ratepayer, and which is used exclusively or principally for sporting, recreation or community purposes. For the purposes of this policy the terms “occupied” means exclusive use of all or part of a rating unit.

The policy does not apply to organisations operated for private pecuniary profit.

Applications for remission must be made on the prescribed form (available from the Council offices). New applications for rate remission should be made to the Council prior to the commencement of the rating year. Organisations that successfully applied in the previous year must re-apply, and their re-application **must** be received by 15 June prior to the rating year being applied for.

Organisations making application should include the following documents in support of their application:

- Statement of objectives; and
- Constitution or rules or equivalent; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria.

The remission for successful applicants using land for sporting or recreation purposes is 50% of the non service-related rates applicable to the exclusive use part of the rating unit occupied.

The remission for successful applicants using land for community purposes is 100% of the non service-related rates applicable to the exclusive use part of the rating unit occupied.

Policy for Grants in Lieu of Rate Remissions

This policy is not part of Rotorua District Council's rate remission policies. However reference to it is included here to highlight its availability to ratepayers that previously, but no longer, qualify for the "certain purposes" remission due to changes in legislation i.e. the Local Government (Rating) Act 2002 specifies who must be entered as ratepayer in the Rating Information Database.

Council may provide grants in lieu of rates through its community assistance program to organisations which are not entitled to rate remission because they are not the ratepayer under the Local Government [Rating] Act 2002). The intention is to mitigate any adverse financial impact of the provisions in the Local Government (Rating) Act 2002 on affected organisations.

For further details of Council's Community Assistance (grants) schemes, please refer to the Community Engagement and Support Activity section in the Long-term Plan.

Remission of Targeted Rates for Sewage from Schools

Policy objective

To enable Council to fairly and reasonably rate schools for sewerage disposal having regard to the number of water closets and urinals needed for the number of pupils and staff rather than for the actual number of water closets and urinals available.

Conditions and criteria

Targeted rates for sewerage disposal from schools will be remitted to the extent that they exceed the rates on the deemed number of water closets and urinals:

- a) The deemed number of water closets and urinals will be the lesser of one water closet and urinal for every 20 persons (teachers and students) or part thereof on the roll at 1 April in the preceding financial year, and the actual number of water closets and urinals.
- b) A school is defined as a state school under section (2) (1) of the Education Act 1989, or an integrated school under section (2) (1) of the Private School Conditional Integration Act 1975.

Schools will be required to file an annual return of staff and student numbers in the prescribed form in order to qualify for the remission.

Remission of Rates for Queen Elizabeth II National Trust Open Space Covenants

Policy Objective

To provide rates relief where land is legally protected under a QEII Open Space Covenant.

Conditions and criteria

Council will consider remissions of rates on land that have a QEII Open Space Covenant where the land or portion of land has a legal binding QEII Open Space Covenant registered on the title.

Calculation of such remissions are to be on a case by case basis, with the determination of land value for the covenanted land to be made by Council's Valuation Service Provider.

Remission of Rates in Extraordinary Circumstances

Policy Objective

It is recognised that not all situations in which the Council may wish to remit rates will necessarily be known about in advance and provided for in Council's specific policies. The purpose of this part

of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which, for the reasons set out below, Council considers it appropriate to remit rates.

Conditions and criteria

Council may remit rates on a rating unit where it considers it just and equitable to do so because extraordinary circumstances have arisen by virtue of a change to Council's Rating or Rates Remission policies has resulted in unintended consequences for a rating unit.

The amount of any such relief will be determined by Council having regard to the quantum of additional rates caused by the extraordinary circumstances.

Any such remission granted will be determined on a case by case basis, and will not be delegated to Council officers .

Remission of Metered Water Charges Where Leak Has Been Detected and Repaired

Policy Objective

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property, and prompt remedial action to repair the leak has been undertaken. However the ratepayer is responsible for water leaks and the usage of water on their property.

Conditions and criteria

Council will consider remissions of metered water charges under the following circumstances;

- a) where a leak has been detected on the ratepayer's property, and that leak has been promptly repaired; and

- b) the leak has resulted in charges in excess of expected usage ; and
- c) when applied for in writing, with evidence that a leak has occurred and documentation of the repairs undertaken.

The amount to be remitted is determined from the average of the previous four quarterly readings. The amount is doubled and deducted from the total water consumption of the period in question. Up to 50% of the difference will be remitted. Ratepayers are limited to one application for a water leak remission within any one year period for a particular property. Re-occurring annual remission requests may be declined.

Discount for Early Payment of Rates

Policy Objective

To provide a discount to ratepayers who choose to pay their annual rates in full by the due date for the first instalment.

Conditions and criteria

A discount will be allowed for early payment of rates in compliance with the following conditions:

- a) The discount will be allowed to any ratepayer who pays the total annual rates as specified on the rates assessment by the due date for the first instalment;
- b) The discount will not apply to charges for water by meter;
- c) The discount will be at a rate fixed annually by resolution.

Rates Postponement

Policy Objective

To give ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

General Approach

Only rating units defined as residential and used for personal residential purposes by the applicant(s) as their sole or principal residence will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely, or until the sale of the property, if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. Where the ratepayer is younger than 65, current and all future rates may be postponed to a date not more than 15 years from June 30th in the rating year in which the application was made. The applicant may elect to postpone the payment of a lesser sum than that which they would have been entitled to have postponed pursuant to this policy.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality as between ratepayers who use the postponement option and those who pay as rates are assessed.

Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s)' estate will be liable for any shortfall.

Criteria and Conditions

Eligibility

Any ratepayer is eligible for postponement provided that the rating unit is used by the

ratepayer for personal residential purposes. This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit with the agreement of the owner of the retirement village.

Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, a specifically designed actuarial model has been developed that will forecast, on a case by case basis, expected equity, when repayment falls due. If that equity is likely to be less than 20%, the Council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.

Where a ratepayer wishes to postpone both this Council's rates, and those set and assessed by Bay of Plenty Regional Council, this Council will consult with Bay of Plenty Regional Council to ensure that the combined council's rates do not exceed the equity provisions outlined in the previous paragraph.

Where a ratepayer wishes to postpone the rates assessed by Waikato Regional Council a separate application would have to be made to Waikato Regional Council.

Exclusions

At present, the law does not allow councils to register such a charge against Maori freehold land. Accordingly, Maori freehold land is not eligible for rates postponement (unless and until the law is changed so that the council can register a statutory land charge).

Insurance

The property must be insured for its full value and evidence of this produced to Council annually.

To assist ratepayers who are currently uninsured, Council is anticipating the development of a group insurance policy to provide all risks cover, designed to achieve cover against catastrophic loss at minimum cost. The premium will be treated as part of the postponement fee and thus come within the postponement arrangements.

Arrangements for the group insurance policy are currently on hold, but Council will continue to monitor progress.

Mortgage

Postponement of rates on a property subject to mortgage to a mortgagee will be available only if Council holds a letter from the mortgagee agreeing to the postponement.

Independent Advice

To protect Council against any suggestion of undue influence, applicants will be referred to an appropriately qualified and trained independent agency contracted by Council. The agency will work with the applicant to ensure they are aware of all aspects of the policy before deciding to proceed with postponement. A certificate confirming this will be required by Council before the postponement is granted. The cost of this is included in the initial charges set out in the Funding Impact Statement.

Rates Able to be Postponed

All rates are eligible for postponement except for: targeted rates for water supplied by volume (water by meter rates) and lump sum options.

Security

Postponed rates will be registered as a statutory land charge on the rating unit title. This means

Council will have first call on proceeds of any revenue from the sale or lease of the rating unit.

Postponement will not be granted if a statutory land charge cannot be registered on the rating unit Certificate of Title.

Council has the right to decline postponement if the property is situated in a known hazard zone.

Conditions

Any postponed rates (under this policy) will be postponed on the following conditions:

- (a) Until the death of the ratepayer(s) or named individual or couple, (in this case the Council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or
- (b) Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit. (If the ratepayer sells the property in order to purchase another within the Council's district, Council will consider transferring the outstanding balance, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- (c) If the ratepayer(s) or named individual or couple continue to own the rating unit, but are placed in residential care, Council will consider them to still be occupying the residence for the purpose of determining when postponement ceases and rates are to be paid in full; or
- (d) Until a date specified by Council. Council will charge an annual fee including interest on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Councils

administrative and financial costs and may vary from year to year.

Fees

Annual Fees

Annual fees will be charged in accordance with the fees outlined in the Funding Impact Statement.

Application Fee

An application fee will be charged in accordance with the fees outlined in the Funding Impact Statement. This will be added to the postponed rates.

Financial Costs

The financial cost will be charged in accordance with the interest rate outlined in the Funding Impact Statement. This will be added to the postponed rates.

Payment

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would have been entitled to have postponed pursuant to this policy.

Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect

of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Procedures

Applications must be on the required form which will be available from Council's Civic Centre at 1061 Haupapa Street, Rotorua. The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

Applications for postponement under this part of the policy will be determined by officers of council, acting under delegated authority from Council as specified in the delegations resolution.

Remission policy on uncollectable rates

Objectives

1. To allow for situations where all practicable methods of enforcing rates collection have been exhausted and it is in council's and ratepayers best financial interests to remit such rates. One benefit of this is to achieve early recovery of the GST content of these uncollectable rates instead of having to wait until the expiration of six years as required by the Limitation Act 2010, which then prompts write off of the debt and recovery of the GST at that time. Most, if not all the properties that meet this objective are expected to be multiply owned Maori Freehold Land that is unoccupied and unused.
2. To allow for situations where due to the relatively small size of the amount owing it is not economical to collect such rates debts.

Conditions and criteria

- a) All rates, both arrears and current, including service charges will be remitted in cases where council considers either of the above objectives will be achieved in so doing. This policy will be applied at Council's instigation.
- b) Delegated authority to apply this policy rests with the Group Manager Corporate and Customer Services.
- c) Properties receiving a remission under 1 above are to be reviewed whenever fresh aerial images are available to confirm or otherwise their continued remission status.

Remission of Targeted Rates for Capital Cost of Sewerage Schemes on Payment of Capital Cost Owning

Policy Objective

The objective of this policy is to allow ratepayers who did not originally take up the lump sum option within the timeframe allowed for any of Council's sewerage schemes to repay the capital cost balance owing.

Conditions and criteria

At any point during a rating year, a ratepayer who is currently paying a targeted rate for the capital cost of a sewerage scheme may request the capital cost balance owing as at 30 June for that rating year (note: each rating year begins on 1 July). The amount quoted will not contain any loan charges for any subsequent rating year (i.e. it will be the remaining capital cost balance owing as at 30 June of that rating year), but as the targeted rate has been set for the full current rating year, this targeted rate must be paid for that year as assessed.

Provided the amount quoted by Council is paid in full on or before 30 June of that rating year, the rating unit will automatically be credited with a 100% remission of the sewerage capital cost

targeted rate each year until the end of the loan repayment term.

Remission of rates on Maori Freehold Land

In developing this policy Council has given consideration to how either providing or not providing rates remissions would contribute to the following objectives.

Objectives

1. Supporting the use of the land by the owners for traditional purposes.
2. Recognising and supporting the relationship of Maori and their culture and traditions with their ancestral lands.
3. Avoiding further alienation of Maori freehold land.
4. Facilitating any wish of the owners to develop the land further for economic use.
5. Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.
6. Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).
7. Recognising and taking account of the importance of the land for community goals relating to:
 - a) the preservation of the natural character of the lakes environment
 - b) the protection of outstanding natural features
 - c) the protection of significant indigenous vegetation and significant habitats of indigenous fauna
8. Recognising the level of community services provided to the land and its occupiers.
9. Recognising matters relating to the physical accessibility of the land.

10. Encouraging productive use or occupation of part or all of the land and payment of rates on part or all of the land.
11. Taking into account other factors (e.g. value of land based on highest and best use, compared with actual or most practical use) that contribute to the block being unoccupied and unproductive.

Specific conditions and criteria

- a) 50% rates remission may be provided where any of the objectives 1-9 are supported.
- b) 75% rates remission may be provided for a period of 5 years where land that is previously not used is brought into productive economic use. After 5 years the remission will either be removed or reduced where conditions continue to prevent full economic use of the land e.g. zoning value, access difficulties, flooding or erosion. This remission may only be applied for once every ten years in respect of the same property. (objectives 4 and 10 supported).
- c) Multiple sets of uniform annual general charges and uniform targeted rates may be remitted where multiple rating units are being used as one property e.g. forestry, farming. Rating units need not necessarily be contiguous (objectives 4 and 10 supported).
- d) Part of the rates may be remitted where some other aspect beyond the reasonable control of the owners prevents the full economic use of the land e.g. access, flooding, erosion etc. Remission amount will be on a case by case basis at the discretion of council (objective 9 supported).
- e) Part of the rates may be remitted where:
 - i. The land is multiply-owned and unoccupied, and
 - ii. Remission of part of the rates assessed will enable all or part of the land to be utilised, and enable payment of the balance of the rates assessed (objective 10 supported).

- f) Part of the rates may be remitted where:
 - i. The land is multiply-owned, and
 - ii. The rateable value exceeds the value that is relevant for the purpose for which the land will be used e.g. land is zoned residential yet is used for farming (objective 11 supported).

Calculation of remissions under objective 11 are to be on a case by case basis, with the determination of 'actual use' rateable value to be made by Council's valuation service provider.

General conditions and criteria

- a) If any remaining rates after a remission is applied are not paid by the relevant due date no further remission will be provided.
- b) No remission of service charges will be provided.
- c) No rates postponements will be provided on Maori Freehold Land.
- d) Consideration will be given to the following matters (but not limited to these) as part of the decision-making process:
 - i. The number of owners
 - ii. The rateable land value per hectare relative to similar parcels of land
 - iii. Any restriction of access, bearing in mind this will have been accounted for to some extent by Council's valuers
 - iv. Potential for future use/economic development of the land.
- e) For the purposes of this policy, multiply-owned Maori freehold land means Maori freehold land owned by more than two persons.
- f) Each case will be considered on its individual merits at council's discretion. This can mean that an application for remission that seems to meet the conditions and criteria may not necessarily be approved.
- g) Properties approved to receive a remission will be subject to regular review and generally this will be on an annual basis.

- h) Application for rates remissions under any of the above conditions is required to be submitted on the "MFL remission application form". Please contact Council's customer service centre to obtain. Further information may be requested by council officers to support any application lodged.

Postponement of rates on Maori freehold land

Council's policy in respect of postponement of rates on Maori freehold land follows past policy. This is to not postpone rates but to use the remission policy where appropriate.

Introduction

Council's Treasury Policy establishes borrowing limits that are realistic in the current and anticipated future financial climate. The policy also ensures inter-generational equity and enables prudent financial management for ratepayers of the district.

Philosophy

Council has treasury risks arising from raising loans, investments and associated interest rate management activity.

Council carries out its borrowing and investments (in total referred to in this document as treasury activity) within its finance function. Council's broad objectives in relation to treasury activity are as follows:

- to comply with the Local Government Act 2002, amendments, and other relevant local authority legislation
- to develop and maintain professional relationships with the financial markets
- to manage all of Council's investments within its strategic objectives; invest surplus cash in liquid and credit worthy investments
- to raise appropriate finance, in terms of both maturity and interest rate
- to manage the overall cash position of Council's operations

Council's treasury policy is managed by the Treasury Management Group (TMG), being officers of council with delegated authority.

Liability Management Policy

Borrowing Policy

Council borrows as it considers appropriate. Council exercises its flexible and diversified borrowing powers within the Local Government Act 2002. Council approves borrowing by resolution arising from the Annual and Ten Year Planning processes. Projected debt levels are ascertained from cashflow forecasts prepared during the Long Term Council Community Plan and Annual planning processes.

Council raises borrowing for the following primary purposes:

- General debt to fund Council's Balance Sheet, including borrowing to fund Council-Controlled Organisations (CCOs).
- Specific debt associated with "special one-off" projects and capital expenditure.
- To fund assets with inter-generational qualities.

Council is able to borrow through a variety of market mechanisms including the issue of stock and debentures and direct bank borrowing or by accessing the capital markets directly.

In evaluating new borrowings (in relation to source, term, size and pricing) the TMG will take into account the following:

- The size and the economic life of the project as appropriate.
- The impact of the new debt on borrowing limits.
- Relevant margins under each borrowing source.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates relative to term for both stock issuance and bank borrowing, and management's view of future interest rate movements.
- Available term from bank and stock issuance.

- Implied finance terms within any specific debt (e.g. project finance) to ensure these are at least as favourable as Council could achieve in its own right.
- Legal documentation and financial covenants.

Borrowing Limits, Liquidity and Credit Risk Management

In managing borrowing, Council determines appropriate control limits based on the following covenants:

- The gross interest expense of all borrowings will not exceed 15% of total annual revenue.
- Net cashflows from operating activities are to exceed gross annual interest expense by a multiple of at least 2.
- Maximum debt not to exceed 20% of total assets.

To minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, Council ensures debt maturity is spread over a band of maturities. Council manages this specifically by ensuring that:

- No more than \$60 million or 50% of existing external borrowing (whichever is the greater) is subject to refinancing in any financial year.

Interest Rate Risk Management

Council's borrowing gives rise to direct exposure to interest rate movements. Table 1 overleaf outlines the maximum unhedged or floating rate exposure requirements allocated into various time bands. The actual percentage will be determined and reviewed on a regular basis, by the TMG.

Table 1: Percentage of Fixed Rate Borrowing

These hedging percentages relate to total existing and forecast debt identified as "Core" debt by the TMG after reference to the current Ten Year Plan and Annual Plans. The level of Core debt used in determining policy compliance will be reviewed as appropriate, but at least on an annual basis.

Term of Exposure	Minimum Fixed Rate Exposure	Maximum Fixed Rate Exposure
0 – 1 year	60%	100%
1 – 2 years	40%	90%
3 – 5 years	30%	70%
5 – 10 years	0%	60%
10 years and over	Any hedging must be approved by Council	

The TMG sets interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook for short term rates in comparison to the rates payable on its fixed rate borrowing, and managing these risks using approved risk management instruments.

Security

In general Council will secure its borrowings against its rate revenue. In unusual circumstances, with prior Council approval, a charge over one or more of the Council's assets may be offered.

Contingent Liabilities

Council from time to time provides financial guarantees to recreation and service organisations pursuant to Council policy for such guarantees.

Investment Policy

Council maintains investments in the following financial assets:

- Equity investments, including shareholdings and loan advances, to trading and service enterprises, charitable trusts, and incorporated societies (e.g. sporting and community organisations), and for residential and rural housing purposes, which are consistent with Council's normal course of business.
- Investments in land and buildings (property) and from time to time commercial mortgages and deferred payment licenses.
- Treasury instruments for cash flow management.

Equity Investments and Loan Advances

Investments may include shareholdings in and advances to CCOs, charitable trusts, incorporated societies, residential and rural housing, and other long term investments which are consistent with Council's strategic plan and subject to legislation requirements.

Property Investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives.

Council reviews the performance of its property investments on a regular basis.

Treasury Investments

Council maintains treasury investments:

- to invest amounts allocated to special funds, sinking funds and reserves
- for short term Investment of proceeds from the sale of assets
- to invest surplus cash, and working capital funds

Liquidity Management

The TMG sets overall investment strategy, but in general terms Council will use surplus funds to decrease its overall level of borrowings by proactive management of its bank facilities.

- Liquidity risk management is implemented by ensuring that cash investments are capable of being liquidated and in any case are for a term of less than twelve months. Committed bank facilities are also held to assist in the management of short term funding requirements as well as contributing to the funding of core debt.

Interest Rate Risk Management

The TMG sets interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook, and determining the interest rate profile to adopt for investments.

Foreign Exchange Policy

Council may have foreign exchange exposure through the occasional purchase of foreign exchange denominated plant and equipment.

Significant commitments in excess of NZD50,000 are defined as an exposure. Foreign exchange dealings are hedged using foreign exchange contracts, once expenditure is approved by management and/or Council.

Cash Management

Council maintains rolling daily, monthly and yearly cashflows. These cashflows determine Council's borrowing requirements and surpluses for investment. Cash investments are generally covered by Section 3 of this policy.

Performance Measurement

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information including the development of Key Performance Indicators (KPIs) by agreement with the Chief Executive.

Delegated Authorities and Key Internal Controls

Delegated Authorities

Delegated authorities are in place as per the Delegated Authority Manual.

Key Internal Controls

Sound treasury procedures with appropriate controls are in place to minimise risks the Council may experience through unauthorised treasury activity or unintentional error, and such controls are outlined in the relevant treasury procedures documentation.

The Local Government Act 2002 (s.278), requires that every local authority adopt a policy on "significance".

The terms "significant" and "significance" are defined in s.5 of the act as follows:

"significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—

- A) the current and future social, economic, environmental, or cultural wellbeing of the district or region;
- B) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- C) the capacity of the local authority to perform its role, and the financial and other costs of doing so."

"significant, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance."

Section 90 requires that the policy must set out:

"...(the) general approach to determining the significance of proposals and decisions in relation to issues, assets or other matters; and

Any thresholds, criteria or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, decisions or other matters are significant."

Section 90 also requires that the policy list all strategic assets.

The council's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters

The council will consider every issue, proposal, decision, or matter requiring a decision on a case by case basis to determine whether the matter is significant.

In determining whether the matter is significant, the council will consider the following:

- the likely impact/consequences of the decision on the current and future social, economic, environmental and cultural wellbeing of the community; and
- the likely impact that the impact / consequence(s) of the decision might have on achievement of the agreed community outcomes for the district; and
- (if any proposed action involves a decision in relation to land or a body of water) the likely impact/consequence(s) of the decision on the relationship of Maori and their culture and traditions with their ancestral land, water, sites, wahi tapu, valued flora and fauna and other taonga; and
- the parties who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter and the likely impact/consequences of the decision from the perspective of those parties (including if the decision is likely to affect a large number of residents and ratepayers to a moderate or greater extent; or a small number of residents and ratepayers to a large extent); and
- the financial and non-financial costs and implications of the decision; and
- the extent (if any) to which the issue, proposal, decision or matter (or type of issue, proposal, decision or matter) has had a history of

generating public interest within the Rotorua district, the bay of plenty region, or New Zealand.

Thresholds and criteria that the council will use in assessing the extent to which matters are significant

The more significant or material the likely impact of the required decision, the more likely it will be that the matter is 'significant'.

Significant decisions will include, but will not be limited to, the following:-

- a proposal or decision requiring more than \$10 million of budgeted, or \$2 million of unbudgeted, expenditure;
- a proposal or decision to significantly alter the intended level of service for any significant activity - including a decision to commence or cease such activity (s.97(1)(a));
- a proposal or decision to transfer ownership or control of a strategic asset (s.97(1)(b),
- the sale of all or a majority of the council's shareholding in any council-controlled trading organisation, or council-controlled organisation;
- a proposal to enter into a partnership with the private sector to carry out a significant activity.
- for the avoidance of doubt, this policy does not apply to:
 - - carry forwards
 - - emergency works.

The council's general approach to determining decisions in relation to issues, assets, or other matters

Decisions pursuant to this policy will be made in accordance with the provisions of the council's governance statement that is required to be prepared pursuant to section 40(1) of the act.

If the matter is deemed to be significant, the council will decide whether the special consultative procedure should be used – or if the requirement to 'appropriately observe' (see s.76(3)(b)) the provisions of sections 77, 78, 80, 81 and 82 will be sufficient.

The council's strategic assets

Strategic assets are defined in s.5 of the Local Government Act 2002 as:

"**strategic asset**, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community; and includes—

- A) any asset or group of assets listed in accordance with section 90(2) by the local authority; and
- B) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- C) any equity securities held by the local authority in—
 - i) a port company within the meaning of the port companies act 1988;
 - ii) an airport company within the meaning of the airport authorities act 1966."

The assets and groups of assets that the council considers to be "strategic assets" are:-

- the council's roading network; and
- the council's wastewater network and treatment plant; and
- the council's water supply network; and
- the council's stormwater network; and
- the council's public library, museum, pensioner housing, community halls, event facilities, aquatic facilities, parks and reserves, cemeteries and crematorium; and
- shares in Rotorua regional airport limited and civic assurance; and
- Rotorua regional airport infrastructure.
- waste management infrastructure consisting of:
 - Rotorua landfill
 - Rotorua recycling centre
 - transfer stations.

Note:

Legislative references to "significance" include sections 5, 90 and 278 of the Local Government Act 2002.

Funding impact statement

as at 30 June:	Annual Plan	Long Term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	32,029	45,054	47,381	48,616	50,112	51,526	53,735	56,047	57,993	60,327	62,505
Targeted rates (other than a targeted rate for water supply)	31,944	20,659	20,135	20,762	21,401	22,180	22,948	23,754	24,620	25,553	26,494
Subsidies and grants for operating purposes	3,932	3,382	3,304	3,457	3,395	3,361	3,553	3,480	3,433	3,616	3,522
Fees, charges and targeted rates for water supply	7,223	7,138	7,645	8,227	8,683	9,132	9,562	9,975	10,442	10,946	11,467
Interest and dividends from investments	60	36	36	36	36	36	36	36	36	36	36
Local authorities fuel tax, fines, infringement fees and other receipts	22,667	23,368	24,378	25,079	26,864	28,060	28,917	31,198	32,397	33,878	36,291
Total operating funding (A)	97,855	99,637	102,879	106,177	110,490	114,295	118,750	124,490	128,922	134,357	140,315
Applications of operating funding											
Payments to staff and suppliers	73,280	75,110	75,659	77,582	79,279	81,622	84,094	86,523	89,404	92,332	95,227
Finance costs	9,499	9,178	9,625	10,063	10,533	11,480	12,173	12,891	12,951	12,667	12,073
Other operating funding applications											
Total applications of operating funding (B)	82,779	84,287	85,284	87,644	89,812	93,102	96,266	99,414	102,354	104,999	107,300
Surplus (deficit) of operating funding (A - B)	15,076	15,350	17,595	18,532	20,678	21,193	22,483	25,076	26,567	29,358	33,015
Sources of capital funding											
Subsidies and grants for capital expenditure	19,962	21,302	14,358	8,883	16,323	12,197	18,311	11,301	4,044	5,791	4,191
Development and financial contributions	1,418	1,300	1,322	1,344	1,574	1,812	2,052	2,299	2,560	2,832	3,112
Increase (decrease) in debt	2,144	5,036	3,529	2,549	3,541	4,978	579	380	(315)	2,074	1,830
Gross proceeds from sale of assets	203	500	324	178	572	502	362	392	456	376	721
Lump sum contributions	1,346	1,293	2,068	2,542	2,185	1,788	1,804	3,613	2,295	3,214	2,473
Total sources of capital funding (C)	25,073	29,430	21,601	15,495	24,195	21,276	23,107	17,985	9,039	14,287	12,328
Applications of capital funding											
Capital expenditure											
- to meet additional demand	23,207	16,598	14,864	6,123	13,837	14,562	23,964	14,057	764	794	679
- to improve the level of service	11,011	15,417	15,774	15,730	21,787	12,295	12,351	6,689	9,257	9,125	6,971
- to replace existing assets	14,766	16,568	19,932	14,505	19,874	19,746	18,381	21,677	20,566	24,301	24,864
Increase (decrease) in reserves	(8,835)	(3,803)	(11,372)	(2,331)	(10,626)	(4,135)	(9,105)	637	5,019	9,425	12,829
Increase (decrease) in investments											
Total applications of capital funding (D)	40,149	44,779	39,197	34,027	44,872	42,469	45,590	43,061	35,606	43,645	45,342
Surplus (deficit) of capital funding (C - D)	(15,076)	(15,349)	(17,596)	(18,532)	(20,678)	(21,192)	(22,483)	(25,076)	(26,567)	(29,358)	(33,014)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Rates for 2012/2013

Council has set the following rates, pursuant to the Local Government (Rating) Act 2002, for the 2012/2013 rating year:

- a) A uniform annual general charge;
- b) A differential general rate;
- c) Targeted rate for lakes enhancement;
- d) Targeted rates for water supply;
- e) Targeted rates for sewage disposal;
- f) Targeted rates for capital costs of sewerage schemes (including scheme connection costs);
- g) Targeted rate for urban sewerage development;
- h) Targeted rates for refuse collection;
- i) Targeted differentiated fixed rate for part of the business and economic development costs;
- j) Targeted differentiated rate in the dollar on capital value for part of the business and economic development costs.
- k) Targeted rate for Lakes Community Board costs.

Proportion of total rates paid by each sector

	Land Value 2011 Valuations	Capital Value 2011 Valuations	Rates Take 2010/11	Rates Take 2011/12	Rates Take 2012/13
Farming	33%	23%	14%	14%	11%
Business	12%	18%	22%	22%	28%
Residential	55%	59%	64%	64%	61%

Uniform Annual General Charge

Council sets a uniform annual general charge for each rating unit (plus GST at the prevailing rate).

The amount to be collected is \$15,103,173.

The uniform annual general charge has been set at a fixed amount per rating unit .

2012/2013	\$525.00
2011/2012	\$525.00

Targeted Rate for Lakes Enhancement

Council sets a lakes enhancement rate by way of a uniform amount for each rating unit that pays a UAGC, excluding those within the Environment Waikato region (plus GST at the prevailing rate).

The amount to be collected is \$440,185

The lakes enhancement rate is set at:

2012/2013	\$16.50
2011/2012	\$16.00

General Rates

Council sets a general rate on capital value on a differential basis (plus GST at the prevailing rate).

The amount to be collected is \$32,621,022

The general rate will be collected from three differential rating groups.

		Relative differentials	Rate per \$ of rateable value	
		%	2011/12	2012/13
1	General Rate - Base	100	0.0022100	0.002281
2	General Rate – Rural Residential	85	0.001680	0.001939
3	General Rate - Business	220	0.007930	0.005018

Targeted Rates for Business and Economic Development

(plus GST at the prevailing rate)	(per rating unit)	
	2011/12	2012/13
Business Urban and Rural	\$177.78	\$177.78
Industrial	\$177.78	\$177.78
Farming	\$44.44	\$44.44

In addition, council sets a targeted differentiated rate in the dollar on capital value for the following categories of properties:

(plus GST at the prevailing rate)	(rate in \$ on CV)	
	2011/12	2012/13
Business Urban and Rural	0.002600	0.002341
Industrial	0.000580	0.000750
Farming	0.000040	0.000150

The total amount to be collected is \$4,851,915.

Targeted Rates for Water Supply

Council has set targeted rates for water supply to properties within the respective service areas on a differential basis.

For these purposes:

A "rating unit connected" is one to which water is supplied from a council water supply service.

A "serviceable rating unit" is one to which water is not connected, but the whole, or some part of which is within 100 meters of a council water supply area.

A "separately used or inhabited part" is any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement. Subject to any rating unit used primarily as a residence of one household being deemed to have a single part.

The Targeted Rates for water supply are as follows (plus GST at the prevailing rate):

Urban (Plan number 11015 Sheet 1) plus Mamaku (Plan number 11015 Sheet 4); Rotoiti (Plan number 11015 Sheet 5); Rotoma (Plan number Sheet 6); Hamurana (Plan number 11015 Sheet 9); and Okareka (Plan number 11015 Sheet 10)	Charging unit	2011/2012	2012/2013
The amount to be collected is \$6,612,354 (plus GST at prevailing rate) (Metered water \$3,091,067; General water rate \$3,521,287)			
A differential targeted rate of:			
<ul style="list-style-type: none"> A fixed amount on each separately used or inhabited part of a rating unit connected (and not metered) 	Annual for rating units connected	\$172.00	\$186.00
<ul style="list-style-type: none"> A fixed amount on each serviceable rating unit capable of connection. 	Annual for rating units capable of connection	\$86.00	\$93.00
<ul style="list-style-type: none"> A fixed amount on each separately used or inhabited part of a rating unit connected (and metered) 	Annual for rating units connected and metered	\$172.00	\$186.00
A targeted rate on each metered separately used or inhabited part of a rating unit of a fixed amount per cubic metre supplied in excess of 56 cubic metres per quarter.	Per cubic metre	\$0.78	\$0.83

Funding impact statement

Kaharoa (Plan number 11015 Sheet 7)	Charging unit	2011/2012	2012/2013
The amount to be collected is \$204,854 (plus GST at the prevailing rate)			
A targeted rate of a fixed amount per connection on each rating unit connected.	Annual for rating units connected	\$282.88	\$226.00
A targeted rate on each metered rating unit of a fixed amount per cubic metre supplied to the rating unit.	Per cubic metre	\$0.29	\$0.29
Reporoa (Plan number 11015 Sheet 8)			
The amount to be collected is \$493,734 (plus GST at the prevailing rate)			
A differential targeted rate:			
▪ A fixed amount per connection on each Domestic/Non-Farming rating unit connected	Annual for rating units connected	\$125.12	\$132.00
▪ A fixed amount per connection on each Farming/Dairy-Factory rating unit connected.	Annual for rating units connected	\$195.84	\$207.00
A differential targeted rate:			
▪ A fixed amount on each metered Domestic/Non-Farming rating unit per cubic metre supplied in excess of the 82 cubic metres per quarter.	Per cubic metre	\$0.38	\$0.40
▪ A fixed amount on each metered Farming/Dairy-Factory rating unit per cubic metre supplied in excess of 207 cubic metres per quarter.	Per cubic metre	\$0.24	\$0.25

Targeted Rates for Sewage Disposal

Council sets the following targeted rate on a differential basis for all rating units from which sewage is collected or are serviceable rating units. For these purposes:

- A "rating unit connected" means a rating unit from which sewage is collected either directly or by private drain to a public sewerage system.
- A "serviceable rating unit" means a rating unit from which sewage is not collected but the rating unit (part) is within 30 metres of council's sewerage system and could be effectively connected to the sewerage scheme.

Council sets the following targeted rates (plus GST at the prevailing rate):

Urban (Plan number 11163 Sheet 2) and Eastern and Rural (Plan number 11163 Sheets 4, 5 and 14)	Charging Unit	2011/2012	2012/2013
The amount to be collected is \$10,130,587 (plus GST at the prevailing rate)			
1. Rating unit connected:			
Category 1 - means the rating units with 1 to 4 toilets (water closets or urinals)	Uniform charge for each toilet	\$328.00	\$328.00
Category 2 - means the rating units with 5 to 10 toilets (water closets or urinals)	Uniform charge for each toilet	\$278.80	\$278.80
Category 3 - means the rating units with 11 or more toilets (water closets or urinals)	Uniform charge for each toilet	\$262.40	\$262.40
2. Availability			
- means the rating units which are serviceable rating units.	Annual for rating units capable of connection	\$164.00	\$164.00

Targeted Rates for Urban Sewerage Development

Council sets an urban sewerage development rate by way of a uniform amount for each rating unit in the "Urban Sector" that pays a UAGC (plus GST at the prevailing rate).

The amount to be collected is \$59,871

The urban sewerage development rate is set at:	2012/2013	\$2.70
	2011/2012	\$2.70

Targeted Rates for Connection to Sewerage Schemes

Council sets targeted rates on a differential basis for connecting properties to the following sewerage schemes (plus GST at the prevailing rate):

	Charging Unit	2011/2012	2012/2013
Mourea (Plan number 11163, Sheet 4) The amount to be collected is \$7,306 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$228.31	\$228.31
Hinemoa Point (Plan number 11608, Sheet 8) The amount to be collected is \$4,206 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$137.49	\$137.49

Targeted Rates for Capital Cost of Sewerage Schemes

Council sets targeted rates on a differential basis for the following sewerage schemes (plus GST at the prevailing rate).

	Charging Unit	2011/2012	2012/2013
Brunswick Stages 4 and 6 (Plan Number 11608, Sheet 11) The amount to be collected is \$10,336 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$313.24	\$313.24
Brunswick (Plan Number 11608, Sheet 10) The amount to be collected is \$58,696 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$652.18	\$652.18
Duxton (Plan number 11163, Sheet 5) The amount to be collected is \$12,535 (plus GST at the prevailing rate) A fixed amount	Annually	\$12,535.24	\$12,535.24
Hamurana/Awahou (Plan Number 13222, Sheet 6) The amount to be collected is \$267,693 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$805.53	\$805.53
Hinemoa Point (Plan Number 11608, Sheet 8) The amount to be collected is \$33,858 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$529.96	\$529.96
Lake Okareka/Blue Lake (Plan Number 11608, Sheet 3) The amount to be collected is \$161,973 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$870.83	\$870.83

Funding impact statement

	Charging Unit	2011/2012	2012/2013
Marama Point (Plan Number 11163, Sheet 14) The amount to be collected is \$15,032 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$238.61	\$238.61
Mourea (Plan number 11163, Sheet 4) The amount to be collected is \$28,206 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$298.48	\$298.48
Okawa Bay (Plan number 11163, Sheet 5) The amount to be collected is \$8,779 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$462.06	\$462.06
Okere Falls / Otaramarae / Whangamarino (Plan Number 13222, Sheet 1) The amount to be collected is \$143,946 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$623.28	\$423.37
Paradise Valley The amount to be collected is \$7,213.16 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$624.52	\$379.64
Rotokawa (Plan Number 11608, Sheet 2) The amount to be collected is \$44,024 (plus GST at the prevailing rate) A fixed amount on each household unit equivalent (HUE)	Per HUE Annually	\$201.11	\$201.11

Voluntary Lump Sum Capital Contributions

Council sets the following amounts (plus GST at the prevailing rate) for ratepayers who elect to pay a one-off voluntary lump sum capital contribution for the capital cost of these sewerage schemes:

Hamurana/Awahou	Per HUE	\$6,427.36
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Targeted Rate for Lakes Community Board

Council sets a lakes community board rate by way of a uniform amount for each rating unit that is wholly or partially within the area defined by the 2006 decision of the Local Government Commission, comprising the area delineated on SO Plan No.379278.

The amount to be collected is \$51,104 (plus GST at the prevailing rate).

The lakes community board rate is set at:

2012/2013	\$19.50
2011/2012	\$19.00

Targeted Rates for Refuse Collection

(Plan number 10196, Sheets 1 and 2)

A "separately used or inhabited part" is any part of a rating unit that is or is able to be used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement. Subject to any rating unit used primarily as a residence of one household being deemed to have a single part.

Council set targeted rates for refuse collection from each separately used or inhabited part of a rating unit within the respective service areas on a differential basis for refuse collection in urban and rural areas respectively, where the service is provided, as follows (plus GST at the prevailing rate):

Refuse Collection (Plan numbers 10196-002 [urban] and 10196-001 [rural])	Charging Unit	2011/2012	2012/2013
The total amount to be collected is \$2,103,264 (plus GST at the prevailing rate)			
Urban (weekly collection)	Annual	\$73.00	\$73.00
Urban (CBD twice-weekly collection)	Annual	\$146.00	\$146.00
Rural (weekly collection)	Annual	\$75.50	\$75.50
Urban serviceable	Annual	\$0.00	\$36.50
Rural serviceable	Annual	\$0.00	\$37.75

Rates Postponement

To cover costs, the following fees and charges are set for the 2012/2013 rating year. All fees and charges for this will be added as either a one-off or annual charge as the case may be, to the approved applicants rate account.

Initial Charges - One-Off (plus GST at the prevailing rate)	Charging Unit	2011/2012	2012/2013
Application Fee	One-Off	\$88.89	\$88.89
Contribution to Counselling	One-Off	\$266.67	\$250.00
Half Year Interest Charges			
Interest calculated on councils marginal borrowing rate 6 monthly on all amounts outstanding			
Annual Charges (plus GST at the prevailing rate)			
Annual Account Fee	Annual	\$44.44	\$44.44
Administration Fee	Annual	1.00%	1.00%
Reserve Fund Fee	Annual	0.25%	0.25%
Property Insurance *	Annual	TBA	TBA

* Property Insurance: A ratepayer must submit a current insurance certificate annually. If the ratepayer cannot afford separate cover council will arrange cover, and the cost will be added to the balance of postponed rates.

Due dates for payment of rates

All rates excluding targeted rates for metered water supply charged quarterly) will be payable in four instalments by the due dates, as follows:

Instalment	Due Date
Instalment Number 1	20 August 2012
Instalment Number 2	20 November 2012
Instalment Number 3	20 February 2013
Instalment Number 4	20 May 2013

Targeted rates for metered water supply charged quarterly (separately) will be payable within 30 days of invoice.

Discount for Prompt Payment

A discount, at a rate set annually, is allowed to any ratepayer who pays the total rates, charges, and levies as specified on the rates assessment (excluding targeted rates for water supply charged quarterly), by the due date for the first instalment. The discount for 2012/2013 is 2.00%.

Penalties on unpaid rates

▪ **Current overdue rates instalments:**

A penalty will be added to any part of an instalment that remains unpaid after the due date for payment of the instalment. The penalty will be 10% of the unpaid instalment. This penalty will not be applied to rating units approved by the Group Manager – Corporate and Customer Services in cases where:

- applying penalties would serve to be detrimental to the collection of all or part of the balance of the outstanding rates; or
- applying penalties would only add to what is deemed to be an uncollectable debt; or
- there is a Direct Debit authority to pay the full amount of rates owing by regular payments within the current rating year, and any default is promptly rectified.

▪ **Arrears of rates (including past instalments):**

- A further penalty of 10% will be added on rates assessed in any previous financial year and which remain unpaid on 12 July 2012.
- A further penalty of 10% will be added on rates assessed in any previous financial year, plus any previous further penalty, and which remain unpaid on 14 January 2013.
- These penalties will not be applied to rating units approved by the Group Manager – Corporate and Customer Services in cases where:
 - applying penalties would serve to be detrimental to the collection of all or part of the balance of the outstanding rates; or
 - applying penalties would only add to what is deemed to be an uncollectable debt; or
 - land is designated 'Māori Freehold land title'; and
 - is under multiple ownership; and
 - is unoccupied

▪ **Postponed rates:**

Penalties will not be applied to any postponed rates.

Penalties on unpaid water invoices

▪ **Current overdue invoices for water supply charged quarterly:**

A penalty will be added to any part of an invoice that remains unpaid after the due date for payment of the invoice. The penalty will be 10% of the unpaid invoice.

▪ **Arrears of water rates (including past instalments):**

A further penalty will be added to unpaid water invoices (including penalties) at the beginning of the next financial year. The penalty will be 10% of the unpaid amount.

A further penalty will be added on water invoices still owing six months after the above further penalty was added. The penalty will be 10% of the unpaid amount.

Overall, the general rate including the new rates for roading and business and economic development will increase by 2.9% (excluding the impact of growth from subdivisions). However, this will not necessarily be the amount by which each ratepayer's rates will increase. Other factors are involved. These are:

- The impact of the triennial revaluation on the District Valuation Roll; and
- Changes to the way Council charges rates as indicated in the Rating Policy document. These include :
 - Changing the general rating base from land value to capital value.
 - Reducing the number of differential groups from 9 to 3.
 - Dis-establishing the roading fixed and variable targeted rates, collecting these amounts from the general rate.
 - Dis-establishing the stormwater and land drainage rate, collecting this amount from the general rate.

The following charts show average increases to land value and capital value across the district as a result of the triennial revaluation.

Note: not all properties within each rating category will have increased by the same percentage.

If residents wish to determine their Rotorua District Council rates for 2012/13 please refer to the Rates Calculation Worksheet.

Land value

Rating Categories	Average Land Value (\$)			Average % 2005-2008 increase	Average % 2008-2011 Increase
	2005	2008	2011		
Residential general urban	89,006	130,378	115,691	46%	-11%
Residential vacant urban	104,411	155,142	132,315	49%	-15%
Residential general rural	199,769	242,526	260,188	21%	7%
Residential vacant rural	118,206	150,436	152,754	27%	2%
Residential two unit	102,963	151,389	135,962	47%	-10%
Residential multi unit	151,857	249,427	307,189	64%	23%
Farming general	819,493	1,457,743	995,616	78%	-32%
Business urban outside CBD	253,852	373,748	332,874	47%	-11%
Business inside CBD	388,924	577,872	503,544	49%	-13%
Business rural	437,604	291,373	247,847	-33%	-15%

Capital value

Rating Categories	Average Capital Value (\$)			Average % 2005-2008 increase	Average % 2008-2011 Increase
	2005	2008	2011		
Residential general urban	218,977	274,972	253,469	26%	-8%
Residential vacant urban	116,530	168,374	154,021	44%	-9%
Residential general rural	370,944	455,387	447,406	23%	-2%
Residential vacant rural	123,060	157,517	164,091	28%	4%
Residential two unit	261,310	333,211	310,909	28%	-7%
Residential multi unit	397,611	522,187	691,541	31%	32%
Farming general	1,110,753	1,772,065	1,301,075	60%	-27%
Business urban outside CBD	769,699	817,737	807,697	6%	-1%
Business inside CBD	1,229,404	1,648,916	1,415,788	34%	-14%
Business rural	1,418,135	983,005	912,941	-31%	-7%

Indicative rates 2012/13

Category	Land Value (\$)	Capital Value (\$)	Total RDC 2012/2013 Rates (\$)	Total RDC 2011/2012 Rates (\$)	Increase/ (decrease) in total RDC rates (\$)	% Increase/ (decrease) in total RDC rates	Average % change for category
Business (1,952 properties)							
Lower capital value	129,000	255,000	2,999	3,173	(173.94)	-5.48%	5.66% *
Medium capital value	154,000	459,000	4,500	4,038	462.66	11.46%	
Upper capital value	360,000	895,000	8,766	8,685	81.53	0.94%	
Farming General (2,017 properties)							
Lower capital value	500,000	522,000	1,839	2,009	(170.34)	-8.48%	-12.1%
Medium capital value	757,000	837,000	2,620	3,117	(496.75)	-15.94%	
Upper capital value	1,300,000	1,580,000	4,411	5,927	(1,515.94)	-25.58%	
Residential Rural General (4,073 properties)							
Lower capital value	104,000	214,000	1,050	1,019	31.91	3.13%	5.5%
Medium capital value	185,000	360,000	1,223	1,161	61.76	5.32%	
Upper capital value	350,000	570,000	2,069	1,917	151.65	7.91%	
Residential Urban General (18,529 properties)							
Lower capital value	86,000	172,000	1,523	1,535	(11.51)	-0.75%	2.67%
Medium capital value	127,000	222,000	1,637	1,668	(31.12)	-1.87%	
Upper capital value	147,000	315,000	1,849	1,761	87.73	4.98%	

The table identified above shows the effects of the new valuations and proposed change to capital value rating to a number of different properties in each of the main sector groups. A rates calculation worksheet is included so you can identify the your proposed 2012/13 rates. Alternatively, a rate calculator is available on the Council's website www.rdc.govt.nz/rates/2012/13 rates calculator.

* This excludes the Rotorua District Council commercial rates of \$1,389,767 (2011/12) and \$2,497,453 (2012/13).



**DEVELOPMENT
CONTRIBUTIONS
POLICY**

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1. Background

1.1 Introduction

This Development Contribution Policy establishes a consistent and equitable basis for requiring those undertaking development within the Rotorua District to pay a fair share of the community's capital expenditure for the provision of community and network infrastructure.

Under this policy, a Development Contribution is in the form of a money payment from developers to fund the additional demand for community facilities created as a result of growth. Although the policy could, by law be extended to include a contribution from developers of land, this policy does not do so. Rather, any investing of land in Council will be pursuant to its financial contributions policy as contained in the District Plan or proposed District Plan.

Community infrastructure includes public amenities such as; libraries, museums, event venues, sports grounds, aquatic centres, boat ramps, and playgrounds.

Network infrastructure includes water, wastewater, land drainage and transportation.

Definitions of those terms, and others included in this policy, are set out in Appendix J.

Under this policy most of the new infrastructure required for growth will be funded by a fee (Development Contribution) rather than as part of the general rates.

1.2 Supporting Legislation and Policies

Under the LGA 2002, Council must adopt funding and financial policies in order to provide predictability and certainty about the sources and levels of its funding. The policies may be

adopted by way of the Long-term Plan (LTP). Council is also obliged to adopt a policy on Development Contributions. Council has elected to have both a policy on Development Contributions and financial contributions. The Development Contributions policy is adopted pursuant to the LGA 2002, and the financial contributions policy is adopted pursuant to the RMA1991. Within this LTP community outcome are identified which are unique to Rotorua. These outcomes need to be supported by levels of service to be achieved in community infrastructure and network infrastructure to service the present and future community.

Council's existing Development Contribution Policy, originally adopted on the 26th June 2006, contributes to these community outcomes by ensuring the provision of appropriate infrastructure in order to meet the needs of growth. The Development Contribution Policy must be reviewed at least once every three years using the Special Consultative procedure. The Schedule of Costs is reviewed every year in the Annual Plan.

2. What is a Development Contribution?

2.1 In terms of the policy, this is a contribution towards the cost of providing the increase in capacity of the network infrastructure and the community infrastructure, which is external to the boundaries of the development site, that is required to service the increase in demand generated by growth.

2.2 A Development Contribution is to fund an increase in the overall demand for services across the district or a catchment area rather than to fund a specific development.

2.3 Council Use of Development Contributions

Council will use Development Contributions only on the activity, as opposed to any specific project, for which they are collected. Council may require a Development Contribution from any development for the following:

- Capital expenditure incurred as a result of growth and/or capital expenditure already incurred in anticipation of development.

Development Contributions will be collected to support the following activities:

Network Infrastructure

- Transportation (road, bus, pedestrian, cycle etc.)
- Water Supply
- Wastewater
- Land Drainage and stormwater

Community infrastructure

- Public Amenities

2.4 Limitations to the Application of Development Contributions

Council will not require a Development Contribution in the following cases:

- Where it has, under Section 108(2)(a) of the RMA 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the Council has received or will receive 100% funding from a third party for those works.

¹ This Development Contributions Policy has been prepared in accordance with Sections 102(4)(d) and 106 and Subpart 5 of Part 8 of the Local Government Act 2002.

2.5 Capital Expenditure Council Incurs as a Result of Growth

The estimated capital expenditure Council has identified, as a result of growth, to meet increased demand for transportation, water, wastewater, land drainage and public amenities, over the next 10 years, is summarised in Appendix D, Table 2.

The growth component, excluding funding from other sources, of the capital expenditure budgets will be funded by Development Contributions. The backlog and renewal portions of capital expenditure will be funded from sources other than Development Contributions.

Previously Council has incurred significant expenditure in anticipation of development. Council will recover the growth component of these projects implemented to support the future community (post 1 July 2006). A schedule of these "Past Projects with Residual Capacity" is included in Appendix D, Table 1.

2.6 Timing, Implementation and Application

Development Contributions will be assessed on the date when:

- a resource consent (subdivision or land use) is granted,
 - a building consent is granted,
 - a service connection is approved,
- whichever is the earliest.

See Appendix H for timing, collection, payment and enforcement details. Development Contribution charges will be based on the Development Contributions schedule of fees (Appendix B, Table 1) in force at the date the payment is made.

A developer may elect to pay Development Contributions once an assessment has been made. If a developer elects to defer payment, any increases in the charges payable under Appendix B will be payable by the developer.

2.7 Policy Transitional Arrangements

The LGA 2002 states that Development Contributions can be required for any resource consent, building consent or authorisation for a service connection granted on or after 1 July 2003 and lodged after 18 December 2001.

2.8 Assessment and payment of Development Contributions

Table 1: Schedule of events that will give rise to a requirement for a Development Contribution

Action	Timing of Development Contributions Milestones - Residential and Non-Residential Applications
Assessment of the Development Contribution	On granting: <ol style="list-style-type: none"> 1. Subdivision Consent 2. Land Use Consent 3. Building Consent 4. Authority to make service connection
Payment of the Development Contribution	<ol style="list-style-type: none"> 1. Before issue of s224(c) Certificate, (RMA 1991); or 2. Within 180 days of issuance of Building Consent; or prior to issuance of code of compliance certificate (whichever is the earlier). 3. On granting of a land use consent (other than subdivision or building consent); 4. Before issue of authority to make service connection.

3. Method of Calculation and Growth Projections

3.1 Household Unit equivalents (HUEs)

Council is required, by the LGA 2002, to consider Development Contributions in terms of units of demand. The unit of demand in this policy will be a Household Unit Equivalent (HUE).

For each network infrastructural activity (transportation, water supply, wastewater and land drainage) or community infrastructure (public amenity) where Development Contributions are required, the amount payable will be calculated by multiplying the Development Contributions per HUE by the number of HUEs. Developers will, however, receive a historic credit (see Section 4) for any entitlement existing prior to the proposed development, reflecting existing demand on services.

3.2 Growth Projections

The District's growth projections have been developed in order to predict growth throughout the District in 'Household Unit Equivalents'. A HUE is defined as being equivalent to one 'average' household unit which means a self-contained home or residence which includes kitchen facilities and a bathroom.

It is recognised that Rotorua is experiencing growth. The Eastern, Northern and Hamurana planning units will have the most discernable increase in population. Growth and a strong economy will ensure that the current trend of negative net migration slows or stops due to an increase in population, which is attributed to an increased lifespan of the New Zealand population. Consequently, Rotorua will maintain an increasing population rather than a declining

population. Stable population numbers will incur gains in household units as a result of fewer persons per household. Visitor numbers are expected to increase during the planning period. Rotorua District Council will continually monitor growth and improve the growth forecasting techniques.

It is recognised that household units vary in size and occupancy rates throughout the District and that the demands they generate also cover a broad range. However, given the relatively large size of the development contribution catchments and the implied averaging, the approach is considered appropriate as well as being consistent with the level of detail recognised by the growth projections.

3.3 Financial Contributions and the RMA

A financial contribution is a contribution from developers of money or land or a combination of money and land. Financial contributions are provided for under the RMA 1991, and are used to offset or mitigate any adverse impacts on the natural and physical environment including utility services of a new development where the infrastructure works have not been identified in a Development Contribution policy.

Council already has a number of Financial Contribution provisions in place. Council will continue to impose as a condition of resource consent, financial contributions in accordance with the District Plan for works and services to supply the immediate proposed development that are not covered by the Development Contributions policy.

In accordance with the LGA 2002, Council cannot require a Development Contribution for an activity if a Financial Contribution has already been imposed as a condition of a resource

consent in relation to the same development for the same purpose.

The capital expenditure in Appendix D, Table 2 does not include any components of past projects funded by Financial Contributions.

3.3.1 On site works

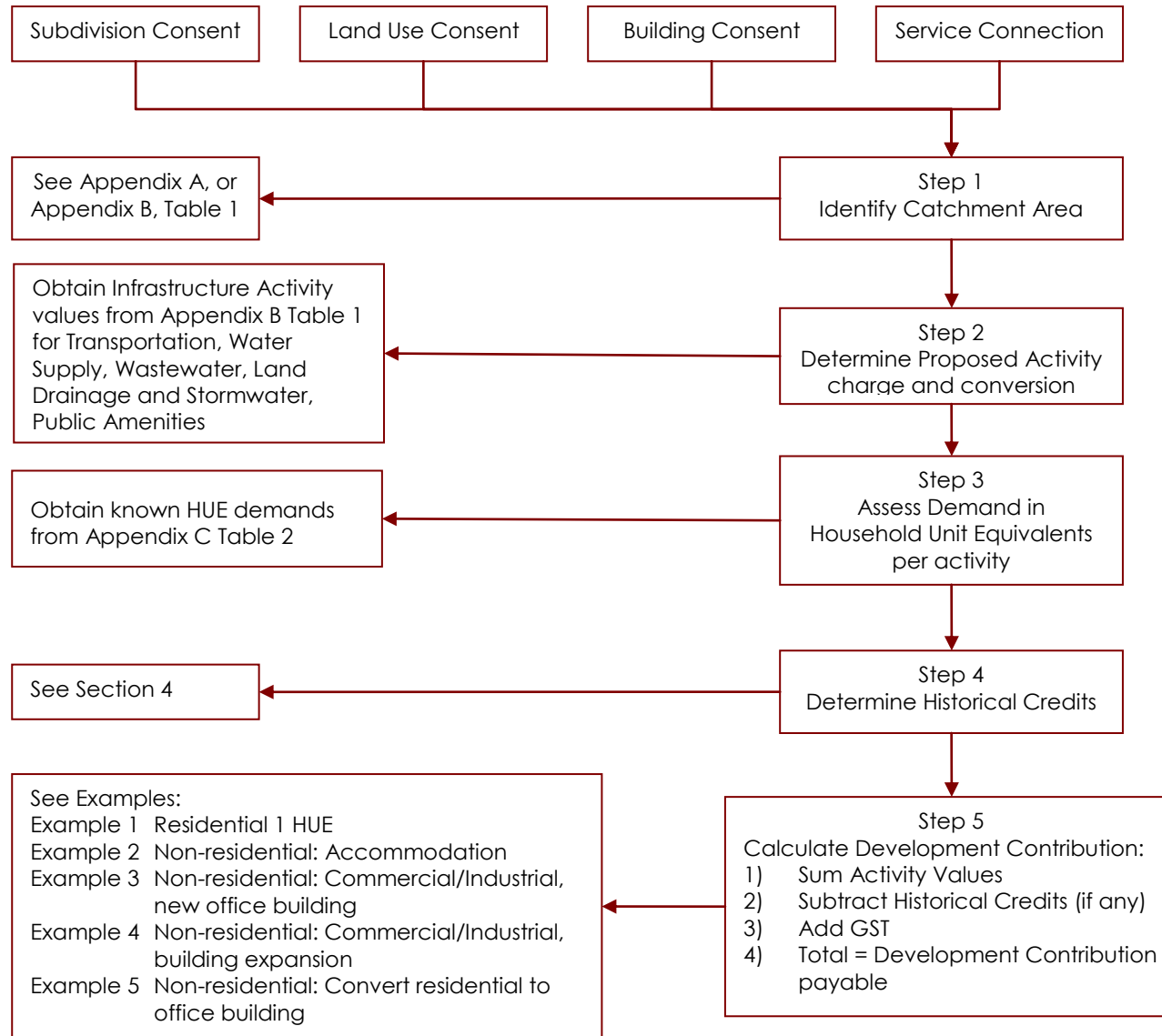
The developer shall provide the following, within the boundaries of the development site, as a consent requirement under the District Plan as a result of an RMA 1991 process:

- Road, transportation and car parking infrastructure and landscaping requirements
- Water supply network
- Wastewater network
- Land drainage collection and disposal infrastructure
- Other services as required in the District Plan
- All other utility services (not managed by Council)

The developer funding for reserve land purchase is carried out utilising the Financial Contribution provisions of the RMA 1991 through Council's District Plan or proposed District Plan, and not as part of this policy. The Community Infrastructure charge in the Development Contribution assessment relates to the provision of infrastructure and public amenities.

Under conditions of a resource consent issued under the RMA 1991, Council may still require a developer to mitigate specific adverse environmental effects relating to a development.

Diagram 1: Development Contribution Process



3.4 Additional Household Units

In general, Development Contributions will be assessed at subdivision consent stage. However additional demand is created by additional household or HUE equivalent units on land already subdivided. In such cases, Council will assess and seek the appropriate development contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage, Council will require a development contribution at service connection stage.

3.5 Changes in Activity or Land Use

If a subsequent land use changes the demand of activities previously approved, the development contribution will be assessed or reassessed at the first opportunity; i.e. land use consent, at the building consent stage, or at the service connection stage to consider if any additional Development Contribution is payable.

3.6 Development Contribution Calculation

The Development Contribution process is summarised in Diagram 1 and Table 2.

Residential

There will be a Development Contribution on any additional lots or titles created by subdivision or any additional dwelling(s) created in the absence of subdivision.

Non-residential

There will be a development contribution on any additional lots or titles created by subdivision or additional building gross floor area (GFA) created in the absence of subdivision or if there is a change in land use or activity: refer to section 3.5 above.

For Rural developments see Appendix E, section 4.4.

For Apartments, Household Units and Residential Villages refer to Appendix E, section 4.1.

Table 2: Process for Determining Development Contribution Charge for both Residential and Non-Residential Development

Steps	Residential or Non Residential
Step 1 – Identify Catchment	Go to Appendix A (or Appendix B, Table 1) to determine which catchment the development lies within.
Step 2 – Determine Proposed Activity	Go to the Development Contributions schedule (Appendix B, Table 1) and identify the charges payable per HUE and applicable conversion factor for the catchment for each activity.
Step 3 – Assess Demand in HUEs per Activity	<p>Residential In residential development there is 1 HUE per additional lot or additional dwelling created, per activity. Determine the number of HUEs.</p> <p>Non-residential Determine the number of HUE equivalents per activity using the appropriate method defined in Appendix E, and also referring to Appendix B and C.</p>
Step 4 – Determine Historical Credits	For each activity determine any credits applicable to the residual title. (See Section 4 Credits)
Step 5 – Calculate Development Contribution	For each activity: a) multiply the number of HUEs (Step 3) by the charges payable (Step 2) and b) subtract for each activity any applicable historic credits. Any residential activity credits can be transferred across to other activities for the development. Sum the results for each activity, to achieve the total charge and add GST.

4. Credits

4.1 Historic Credits

Credit will be given for the pre-existing status of properties (prior to 1 July 2006) even if no previous financial or Development Contributions were paid. Credits will be associated with the existing title and calculated and assigned on a per activity basis. Cross crediting between activities will be allowed. Note, however, if the property is not in an area of service it is not deemed to have any historic credit for that service.

4.2 General Principles

- Where Development Contributions or financial contributions for a particular property have previously been assessed and paid, credit (HUE) shall be given for the particular activity.
- Credit HUEs for all activities must be allocated to the same allotment or allotments and cannot be transferred or reimbursed.
- Credits relate only to lawfully established and permitted buildings and activities.
- Any excess historical credits as a result of amalgamation of titles will lapse if not utilised within a period of three years of the date of amalgamation. Allotments to be separated from amalgamated titles (s226 RMA 1991) will pay a Development Contribution, taking into account historic credits.
- For non-residential activities there will be a historic credit time limit where the activity has lapsed, or the buildings have been demolished, for more than three years preceding the re-development.
- Non-residential credits will relate to the existing lawfully established use of the property and buildings as at 1 July 2006 when the Development Contribution policy came into effect, unless the lapsed use is permitted under the current adopted District Plan.

- Any residual credit for an activity can be transferred to other activities for the development.
- If a building relating to an existing use is demolished after 1 July 2006 and not replaced, a Development Contribution credit assessment will be carried out at the time of the demolition building consent and a historic Development Contribution credit will be recorded on the Council file for the use of the property in the future.

4.2.1 Residential

- All existing vacant residential Lots have a credit of 1 HUE.
- Residential credits shall be granted on the basis of 1 HUE per relevant activity (eg transportation, water supply, wastewater, stormwater and land drainage) per existing allotment (or 1 HUE per activity per existing dwelling) before 1 July 2006.
- Where an additional dwelling has been erected on an existing title before 1 July 2006, one HUE credit will apply for the additional dwelling.
- Where an additional dwelling assessed at less than 1 HUE has been erected on the same site after 30 June 2006, the credit will be in accordance with the Development Contribution assessed and paid.
- For the calculation of residential credits there is no historical time limit and all previous credits shall be taken into account.

4.2.2 Non Residential

- Non-residential credits shall be granted on the basis of the number of HUE calculated at the time of application and according to the actual existing development, if any.
- Where additional floor area is created on an existing title the existing floor area (if any) will have historic credits based on the planned use at the time of application of the original

building consent. These credits are likely to be different for each activity.

- Historic credits shall be assigned upon subdivision to the new allotments on a pro rata GFA basis, except for credits for existing buildings which will stay with the new lot that the building occupies.
- No credit HUE equivalents will be allocated to undeveloped non-residential allotments except for credits from resource consents issued after 30 June 2006.
- Any previous consent which has been granted but not uplifted (e.g. s224 RMA 1991) and the development or financial contributions not paid, does not represent a historical credit.

5. Examples

A Development Contribution amount is always assessed on the information supplied by the applicant at the time. Should this information change between the assessment and invoicing, the Development Contribution amount may be recalculated.

The Development Contribution calculation is dependent on the locality and the catchment of the activities, and the land use specified in the consent, therefore the following examples are indicative only.

Example 1:

Residential 1 HUE central urban

Type of Development:

Subdividing 1 existing Lot into 2;
Adding an additional house;
Connecting to Council services

Consent Application:

Subdividing 1 existing Lot into 2;
Adding an additional house;
Connecting to Council services

Existing Lot:

The Development Contribution Charge only applies to the new lot, new home or service connection.

What is the floor area of the proposed new dwelling?

Refer to graduated scale of charges for Household Unit floor areas as outlined in Appendix E, Section 4.

If floor area of HUE is less than 40m² then no Development Contribution is payable, as it is considered as a Granny Flat.

If the existing lot is vacant, a credit of 1 HUE will apply.

The examples follow Steps 1-5 as described in Diagram 1 and Table 2 on previous pages

Note: Default calculations using gross floor area (GFA) factors can be applied to determine the development contribution fees. However where demand for activities such as water, wastewater and transport is known this information will instead be used to determine the fees.

From Table 1, Appendix B, select appropriate Catchment (see catchment Maps, Appendix A) and associated schedule of charges

Catchment	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Central Urban	\$2,905.78	\$3,190.80	\$3,967.48	\$646.58	\$3,123.78

Development Contribution for 1 HUE (excl GST) = \$13,834.40

GST = \$1,729.30

Development Contribution for 1 HUE (incl GST) = \$15,563.70

Example 2:

**Non-residential
Accommodation, central urban area**

Type of Development:

Expansion of an existing Motel of 21 beds and 1 residential unit
New development will have 46 beds and 1 residential unit

Consent Application:

Land use Consent
Building Consent

Development Details

Development Summary	New Model	Historic Credits
Beds	46	21*
Residential Unit	1	1

* Note that the accommodation bed numbers is based on the documented existing lawfully established bed numbers from the previous existing Land use or Building consent.

Note: Demand figures: Should a proposed traffic impact assessment be provided then these demand figures will be used to calculate development contribution amounts. Similarly where water demand figures are known then both water and wastewater charges will be calculated using this data.

Step 1

From Table 1, Appendix B, select appropriate Catchment (see catchment Maps, Appendix A) and associated schedule of charges

Catchment	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Central Urban	\$2,905.76	\$3,190.80	\$3,967.48	\$646.58	\$3,123.78

Step 2

From Tables 1 and 2, Appendix C, select appropriate non-residential HUE conversion factors

Catchment	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
	Bed nights	Bed nights	Bed nights	Bed nights	Bed nights
Central Urban	0.001	0.001	0.001	0.001	0.001

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

No. of beds	46	from Development Details table above
Bed nights	365	Bed nights/year
Occupancy rate for Motel	50%	from Appendix E, Section 4.2.1
HUE/bed night/activity	0.001	from step 2 above
Activity Charge/1 HUE	\$	from step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Beds	46	46	46	46	46
Bed nights	365	365	365	365	365
Motel occupancy rate	0.5	0.5	0.5	0.5	0.5
HUE/bed night/activity	0.001	0.001	0.001	0.001	0.001
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.46	\$646.58	\$3,123.78
Development Contribution charge/Activity – new beds	\$24,393.86	\$26,786.77	\$33,306.83	\$5,428.04	\$26,224.13
Development Contribution charge/Activity – 1 HUE	\$2,905.76	\$3,190.80	\$3,967.46	\$646.58	\$3,123.78
Development Contribution (new beds + 1 HUE)	\$24,393.86	\$26,786.77	\$33,306.83	\$5,428.04	\$26,224.13

Step 4 Existing Development (Credits)

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

No. of beds	21	from Development Details table above
1 Residential Unit	1	from Development Details table above
Bed nights	365	Bed nights/year
Occupancy rate for Motel	50%	from Appendix E, Section 4.2.1
HUE/bed night/activity	0.001	from step 2 above
Activity Charge/1 HUE	\$	from step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Beds	21	21	21	21	21
Bed nights	365	365	365	365	365
Motel occupancy rate	0.5	0.5	0.5	0.5	0.5
HUE/bed night/activity	0.001	0.001	0.001	0.001	0.001
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.46	\$646.58	\$3,123.78
Development Contribution charge/Activity – existing beds	\$11,136.33	\$12,228.74	\$15,205.29	\$2,478.02	\$11,971.89
Development Contribution charge/Activity – Historic credits*	\$14,042.09	\$15,419.54	\$19,172.75	\$3,124.60	\$15,095.67

* (existing beds + 1 residential unit)

Development contributions policy

Step 5

Development Contribution payable (for each activity: subtract credits from the new beds total)

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
New Development Contribution – Step 3	\$24,393.86	\$26,786.77	\$33,306.83	\$5,428.04	\$26,224.13
Existing Historic Credits – Step 4	\$14,042.09	\$15,419.52	\$19,172.75	\$3,124.60	\$15,095.67
Development Contribution (Step 3–Step 4) (excl GST)	\$10,351.77	\$11,367.23	\$14,134.08	\$2,303.44	\$11,128.47

Development Contribution (excl GST) = \$49,284.98

GST = \$6,160.62

Development Contribution (incl GST) = \$55,445.60

Example 3:

Non-residential

Commercial/Industrial new office building, central urban

Type of Development:

New building

Consent Application:

Subdivision Consent
Land use Consent
Building Consent

Lot:

Existing use	Vacant
Planned use	Commercial Office building
Number of floor levels	One

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	0
Existing Impervious Surface Area (ISA)	0
New Gross Floor Area (GFA)	570
New Impervious Surface Area (ISA)	650

Step 1 and 2

Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge	HUE/100m ²
Transport (GFA) – Commercial and Industrial	\$2,905.76	0.43
Water (GFA)	\$3,190.80	0.162
Wastewater (GFA)	\$3,967.48	0.108
Land Drainage (ISA)	\$646.58	0.198
Public Amenities (not applicable to commercial)	0	0

Step 3

New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

Determine GFA or ISA for appropriate activities from Development Details table above
Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m ²)	570	570	570	570	0
GFA or ISA (100m ²)	5.7	5.7	5.7	6.5	0
HUE conversion/activity	0.43	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.48	\$646.58	0
Development Contribution charge/Activity (excl GST)	\$7,122.02	\$2,946.30	\$2,442.37	\$832.15	\$0.00

Development contributions policy

Step 4

Historic Credits: No credits available as this site is vacant

Step 5

Development Contribution payable

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/ Activity (excl GST)	\$7,122.02	\$2,946.38	\$2,442.37	\$832.15	\$0.00

Development Contribution (excl GST) = \$13,342.92

GST = \$1,667.86

Development Contribution (incl GST) = \$15,010.78

Example 4:

**Non-residential
Commercial/Industrial Significant Commercial Building
Expansion**

Type of Development:

Expansion

Consent Application:

Land use Consent

Building Consent

Lot:

Existing use

Small commercial building

Planned use

Commercial/Industrial

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	690
Existing Impervious Surface Area (ISA)	770
New Gross Floor Area (GFA)	8500
New Impervious Surface Area (ISA)	10200

Development contributions policy

Step 1 and 2 Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge	HUE/100m ²
Transport (GFA) – Commercial and Industrial	\$2,905.76	0.43
Water (GFA)	\$3,190.80	0.162
Wastewater (GFA)	\$3,967.48	0.108
Land Drainage (ISA)	\$645.58	0.198
Public Amenities (not applicable to commercial)	0	0

Step 3 New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from Step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m ²)	8500	8500	8500	10200	0
GFA or ISA (100m ²)	85	85	85	102	0
HUE conversion/activity	0.43	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.48	\$645.58	0
Development Contribution charge/Activity (excl GST)	\$106,205.33	\$43,937.32	\$36,421.47	\$13,058.33	\$0.00

Development contributions policy

Step 4 Historic Credits

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from Step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m ²)	690	690	690	770	0
GFA or ISA (100m ²)	6.9	6.9	6.9	7.7	0
HUE conversion/activity	0.43	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,905.43	\$3,190.80	\$3,967.48	\$646.58	0
Development Contribution charge/Activity (excl GST)	\$8,621.39	\$3,566.68	\$2,956.57	\$985.78	\$0.00

The Development Contribution calculation is based on the full occupancy of the non-residential site. However under Appendix H Section 2, the amount payable can be reduced on the assumption that the normal industrial site coverage in Rotorua is 50% GFA. This applies to the Transport, Land Drainage and Stormwater, Water and Wastewater activities. Furthermore at time of issuance of the Subdivision or Land use consent, 25% of the estimated development contribution will be payable. Development Contribution charges will be further assessed on all future developments on the site and this initial 25% Development Contribution will be treated as a credit. For this example the initial amount payable would be \$22,936.58 excluding GST or \$25,803.60 including GST.

Step 5 Development Contribution payable

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/Activity – new development	\$106,205.53	\$43,937.32	\$36,421.47	\$13,058.33	\$0.00
Development Contribution charge/Activity – historic credits	\$8,621.39	\$3,566.68	\$2,956.57	\$985.78	\$0.00
Development Contribution charge/Activity (excl GST) (new – existing)	\$97,584.14	\$40,370.64	\$33,464.90	\$12,072.55	\$0.00

Development Contribution (excl GST) = \$183,492.23
 GST = \$22,936.53
Development Contribution (incl GST) = \$206,428.76
 Note: Application to Industrial Subdivision

Example 5:

Non-residential

Convert a residential unit to an office building, central urban

Available credits have been allocated across activities to offset development contribution payable.

Type of Development:

Office Conversion

Consent Application:

Land use Consent
Building Consent

Lot:

Existing use	Residential
Planned use	Commercial Office Building
Number of Storeys	One

Development Details

Development Summary	m2
Existing Gross Floor Area (GFA)	250
Existing Impervious Surface Area (ISA)	310
New Gross Floor Area (GFA)	250
New Impervious Surface Area (ISA)	310

Step 1 and 2

Activity Charges/HUE

Activity from Appendix C, Tables 1 & 2	Charge	HUE/100m ²
Transport (GFA) – Commercial and Industrial	\$2,905.76	0.43
Water (GFA)	\$3,190.80	0.162
Wastewater (GFA)	\$3,967.48	0.108
Land Drainage (ISA)	\$645.58	0.198
Public Amenities (not applicable to commercial)	0	0

Step 3

New Development

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

Determine GFA or ISA for appropriate activities	from Development Details table above
HUE/activity	from Step 2 above
Activity Charge/1 HUE	from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
GFA or ISA (m ²)	250	250	250	310	0
GFA or ISA (100m ²)	2.5	2.5	2.5	3.1	0
HUE conversion/activity	0.43	0.162	0.108	0.198	0
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.48	\$645.58	0
Development Contribution charge/Activity (excl GST)	\$3,123.69	\$1,292.27	\$1,071.22	\$396.26	\$0.00

Development contributions policy

Step 4 Historic Credits

Establish for each activity the appropriate HUE conversion and determine the charge for the number of HUEs.

Determine GFA or ISA for appropriate activities from Development Details table above
 HUE/activity from Step 2 above
 Activity Charge/1 HUE from Step 1 above

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Activity Charge/1 HUE	\$2,905.76	\$3,190.80	\$3,967.48	\$645.58	\$3,123.78
Development Contribution – Historic Credit (excl GST)	\$2,905.76	\$3,190.80	\$3,967.48	\$645.58	\$3,123.78

Step 5 Development Contribution payable

Non-residential HUE conversion factors	Transportation	Water	Wastewater	Land Drainage and Stormwater	Public Amenities
Development Contribution charge/Activity – new development	\$3,123.69	\$1,292.27	\$1,071.22	\$396.26	\$0.00
Development Contribution charge/Activity – historic credit	\$2,905.76	\$3,190.80	\$3,967.48	\$645.58	\$3,123.78
Development Contribution charge/Activity (excl GST) (new – historic)	\$217.93	- \$1,898.53	- \$2,896.26	- \$249.32	- \$3,123.78

Development Contribution (excl GST) = \$0.00
 GST = \$0.00
Development Contribution (incl GST) = \$0.00

The transfer of credits from other activities offsets the amount payable.

¹ For this example only the transport Development Contribution is payable. However, as the transfer of credits between activities is permitted, the transportation portion is offset by credits from other activities and a “nil” development contribution is payable. The remaining residual historic credits for any of the activities will remain with the property and be available for charge/credit against any future development.

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Appendix A: Infrastructural Service Catchments

Catchments

Catchments have been determined for both wastewater and water services and the maps are defined in below.

Developments lying within a catchment will be charged a development contribution for that area. If for any reason a development falls outside the catchment, and is still served by the infrastructure associated with one of the activities, then the schedule of contributions for the serving catchment shall apply.

Map 1 Infrastructural Service Catchments: Water Supply

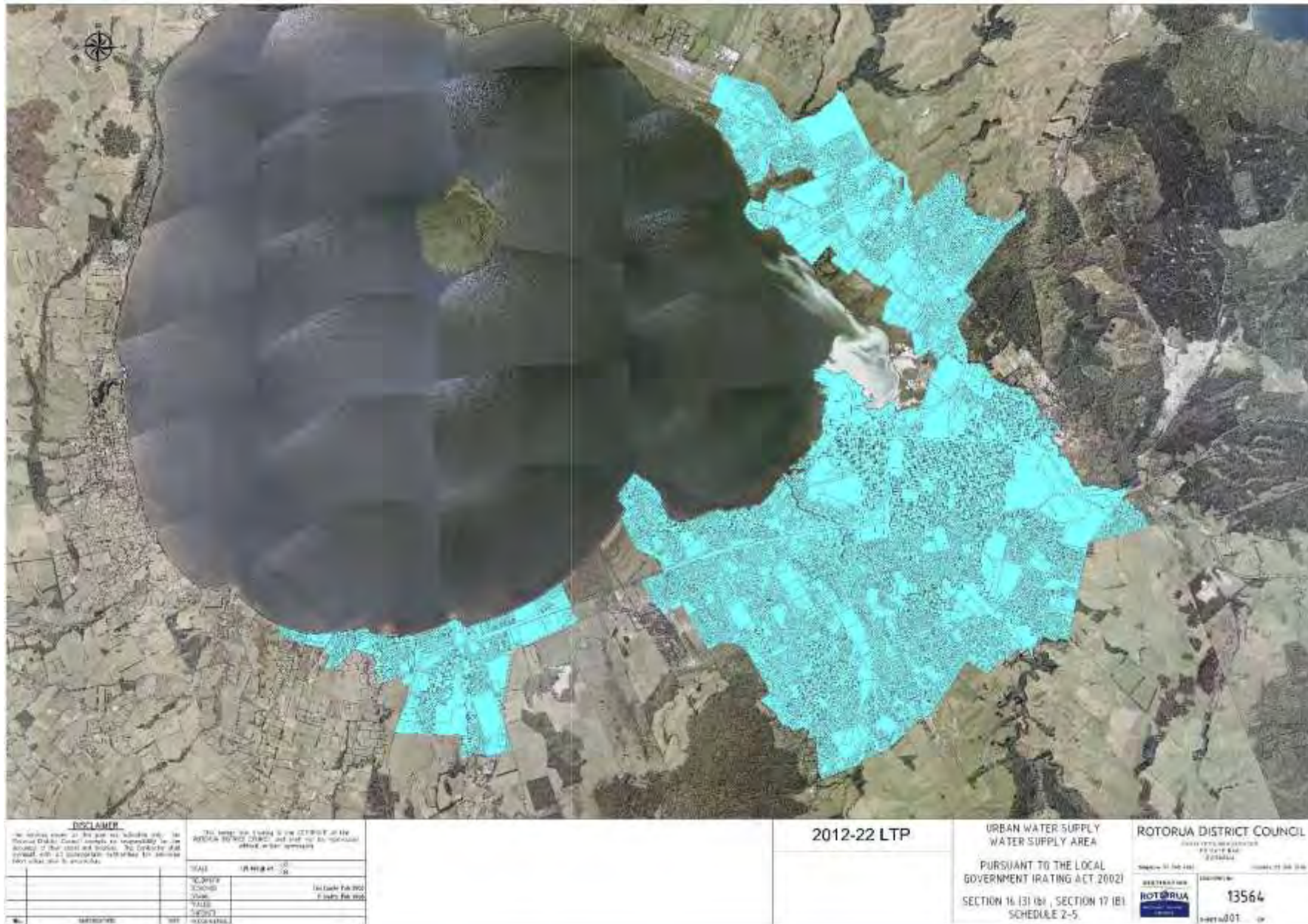
Map 1.1	Urban
Map 1.2	Ngongotaha Rural
Map 1.3	Rotokawa
Map 1.4	Mamaku
Map 1.5	Rotoiti
Map 1.6	Rotoma
Map 1.7	Kaharoa
Map 1.8	Reporoa
Map 1.9	Hamurana
Map 1.10	Okareka

Map 2 Infrastructural Service Catchments: Wastewater

Map 2.1	Urban
Map 2.2	Brunswick
Map 2.3	Mourea
Map 2.4	Okawa Bay/Duxton
Map 2.5	Okere/Whangamarino/Otaramarae
Map 2.6	Okareka
Map 2.7	Tarawera
Map 2.8	Rotoiti/Gisborne Point/Hinehopu
Map 2.9	Rotoma
Map 2.10	Hamurana
Map 2.11	Rotokawa
Map 2.12	Hinemoa Point
Map 2.13	Brunswick Stage 4 & 6

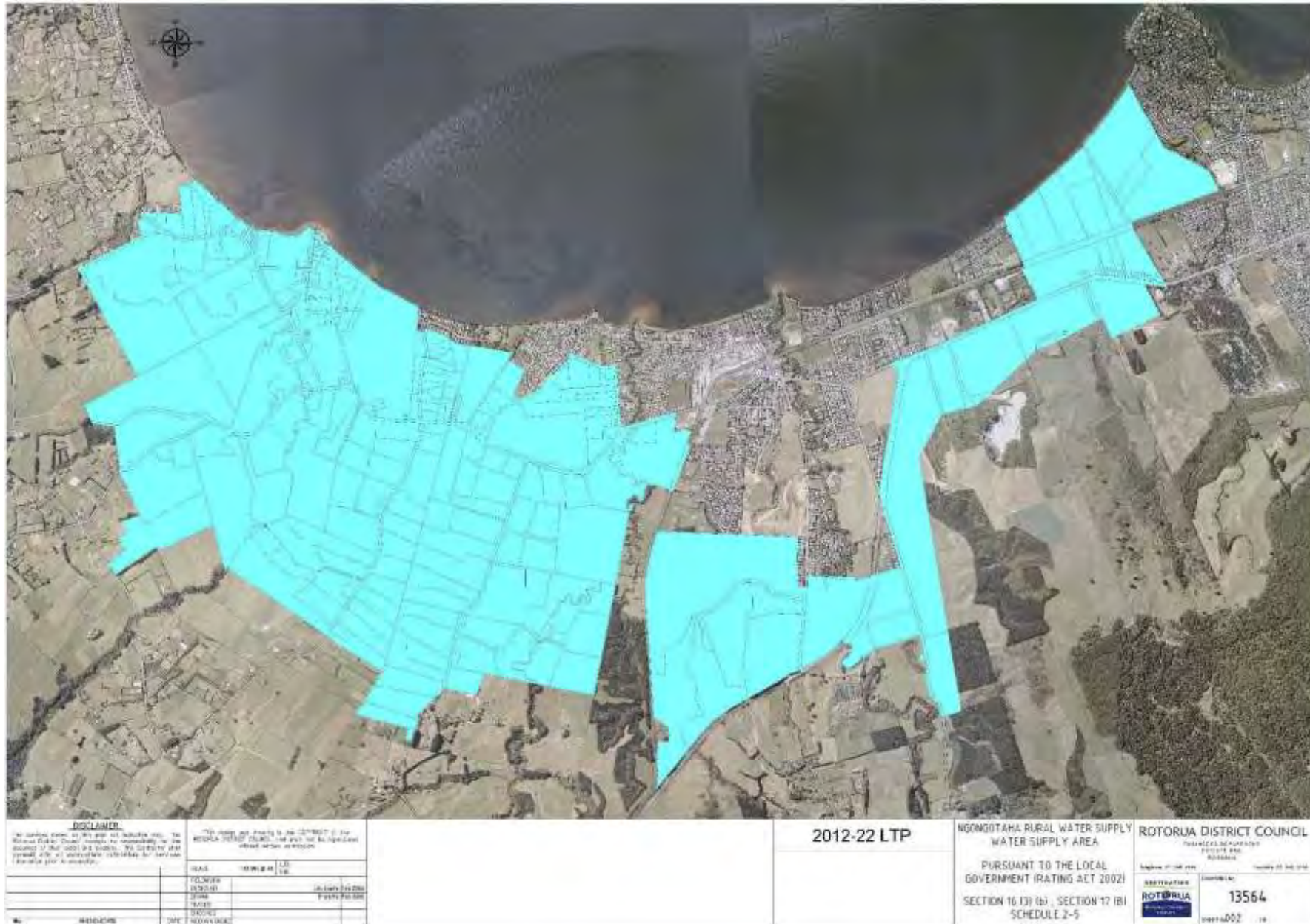
Development contributions policy

Map 1.1 - Urban



Development contributions policy

Map 1.2 – Ngongotaha Rural



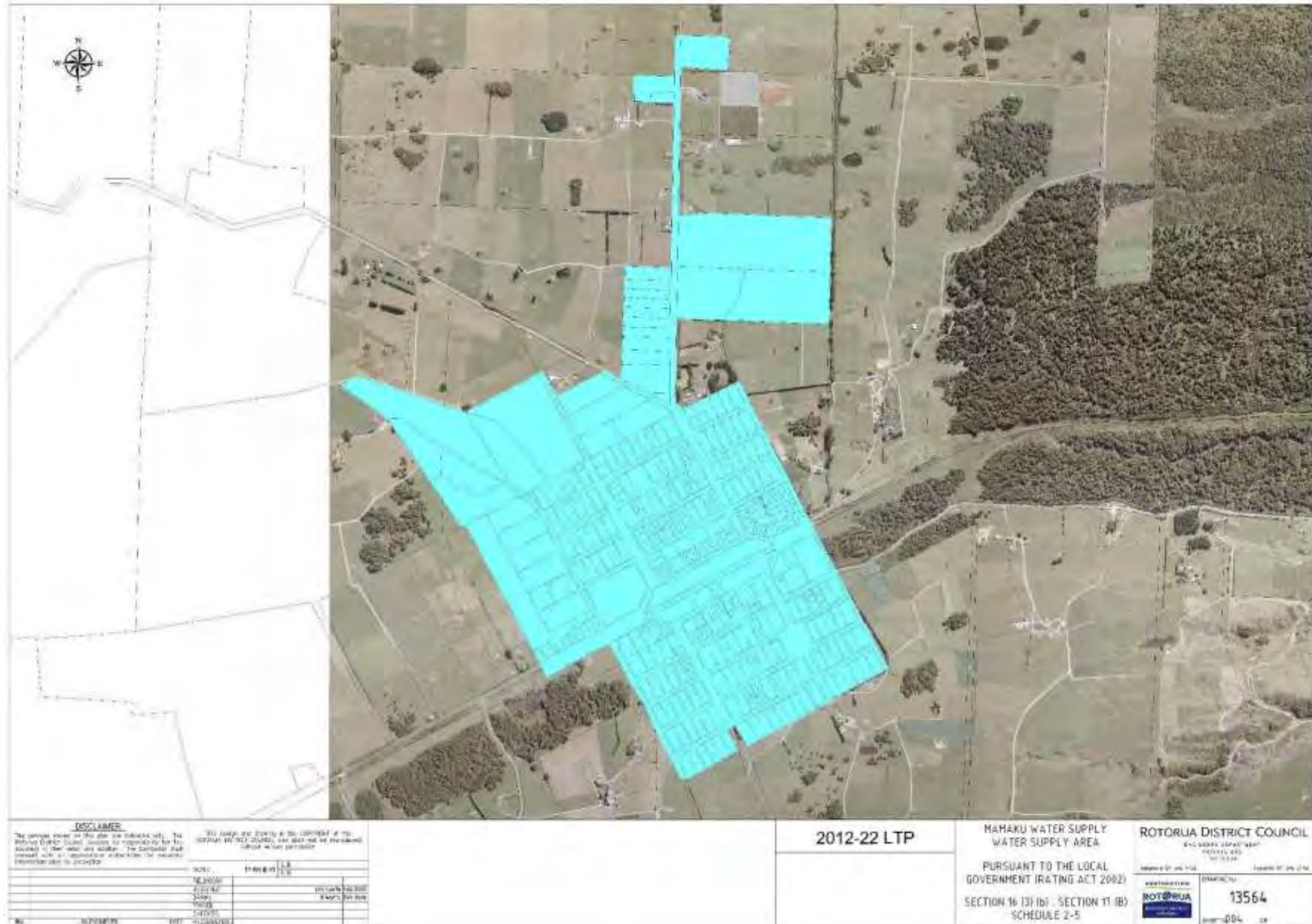
Development contributions policy

Map 1.3 - Rotokawa



Development contributions policy

Map 1.4 - Mamaku



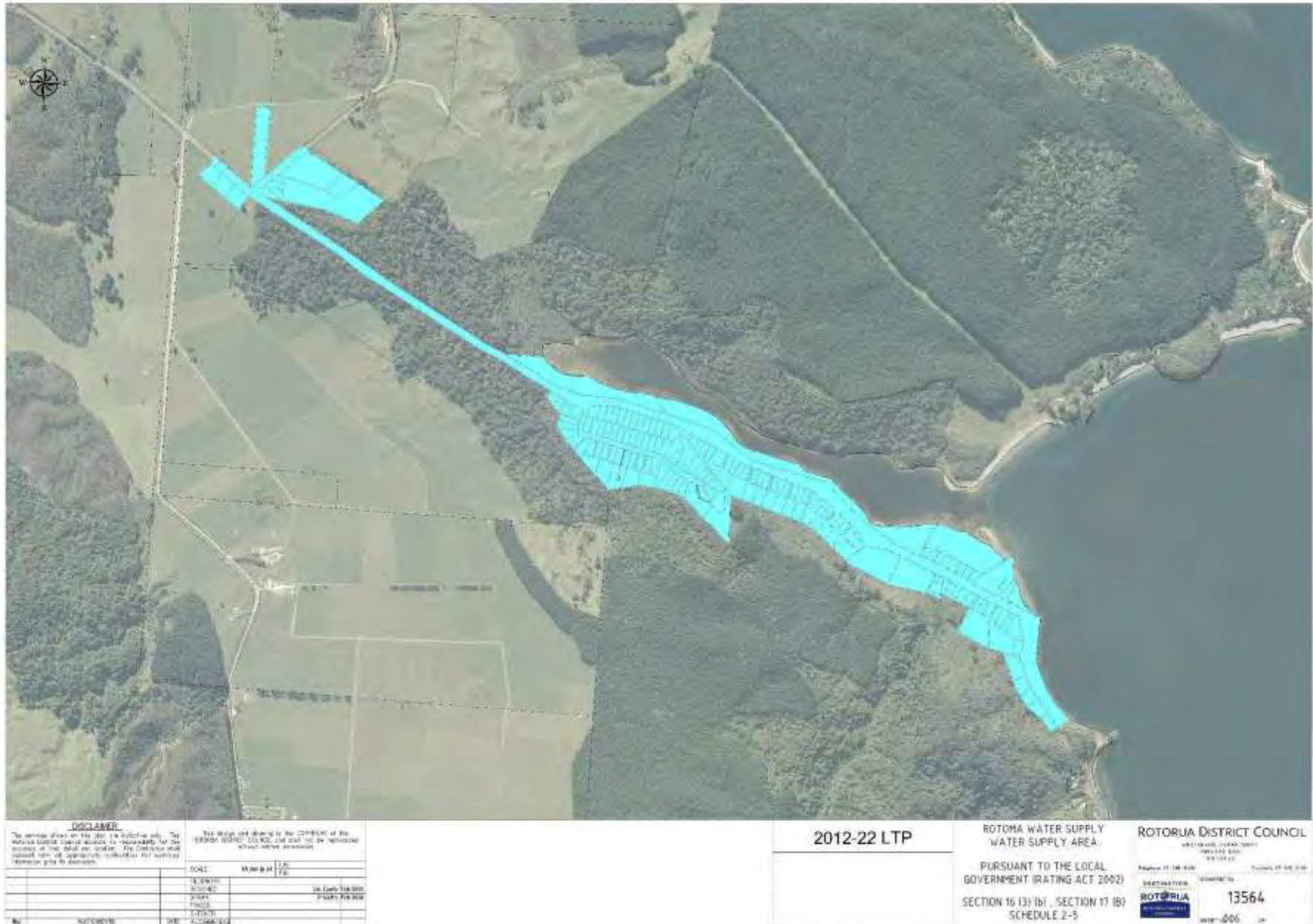
Development contributions policy

Map 1.5 - Rotoiti



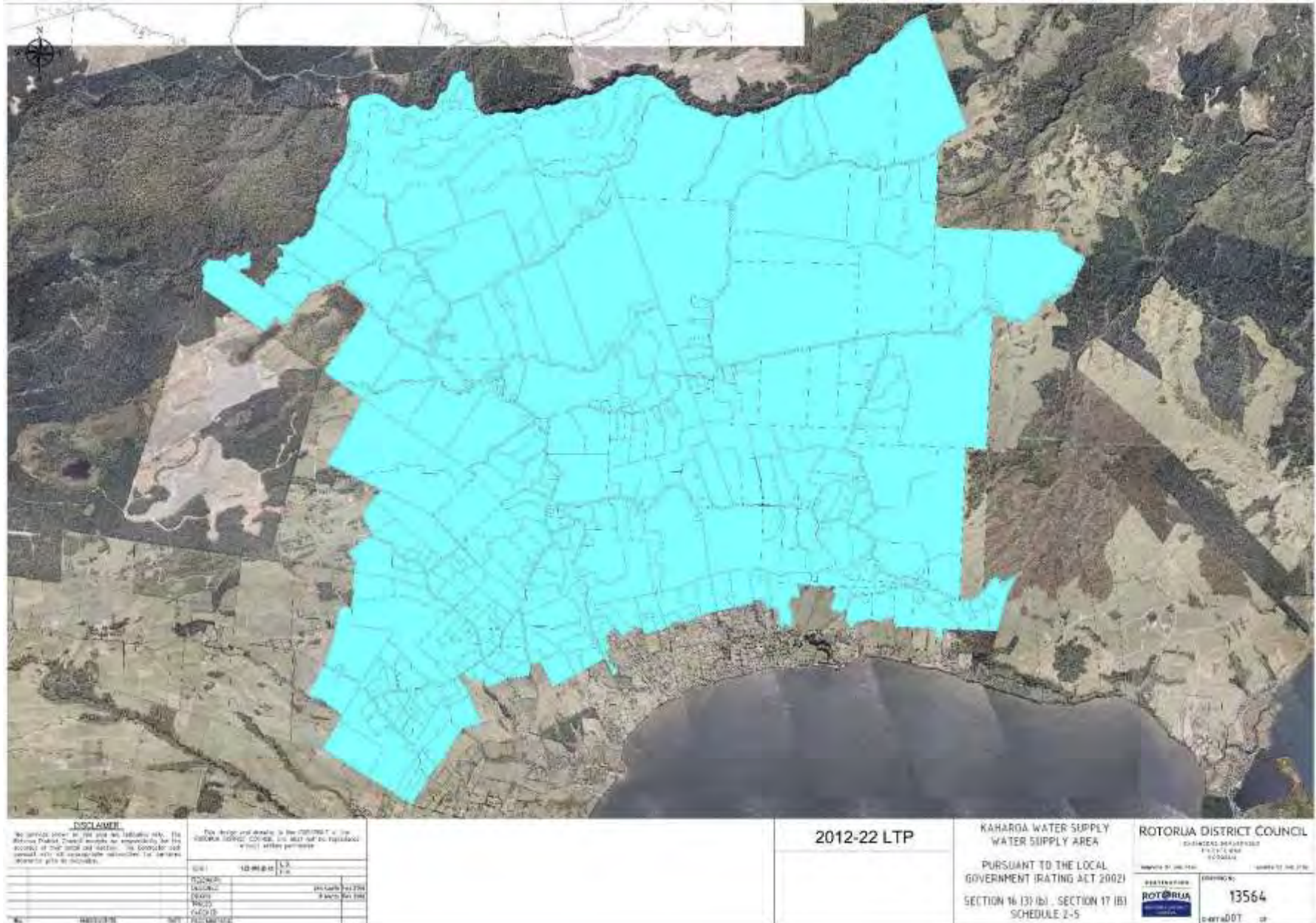
Development contributions policy

Map 1.6 - Rotoma



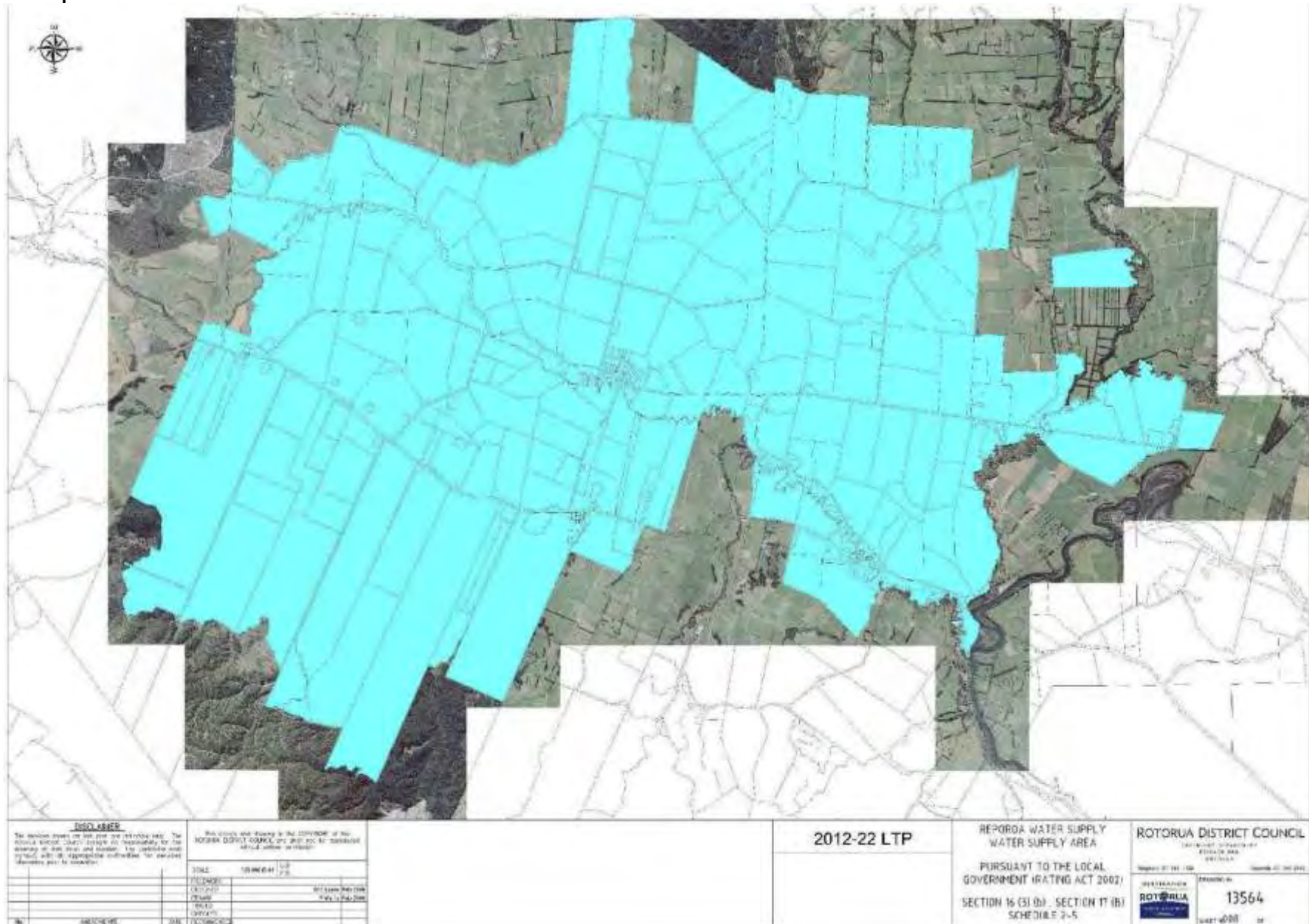
Development contributions policy

Map 1.7 - Kaharoa



Development contributions policy

Map 1.8 - Reporoa



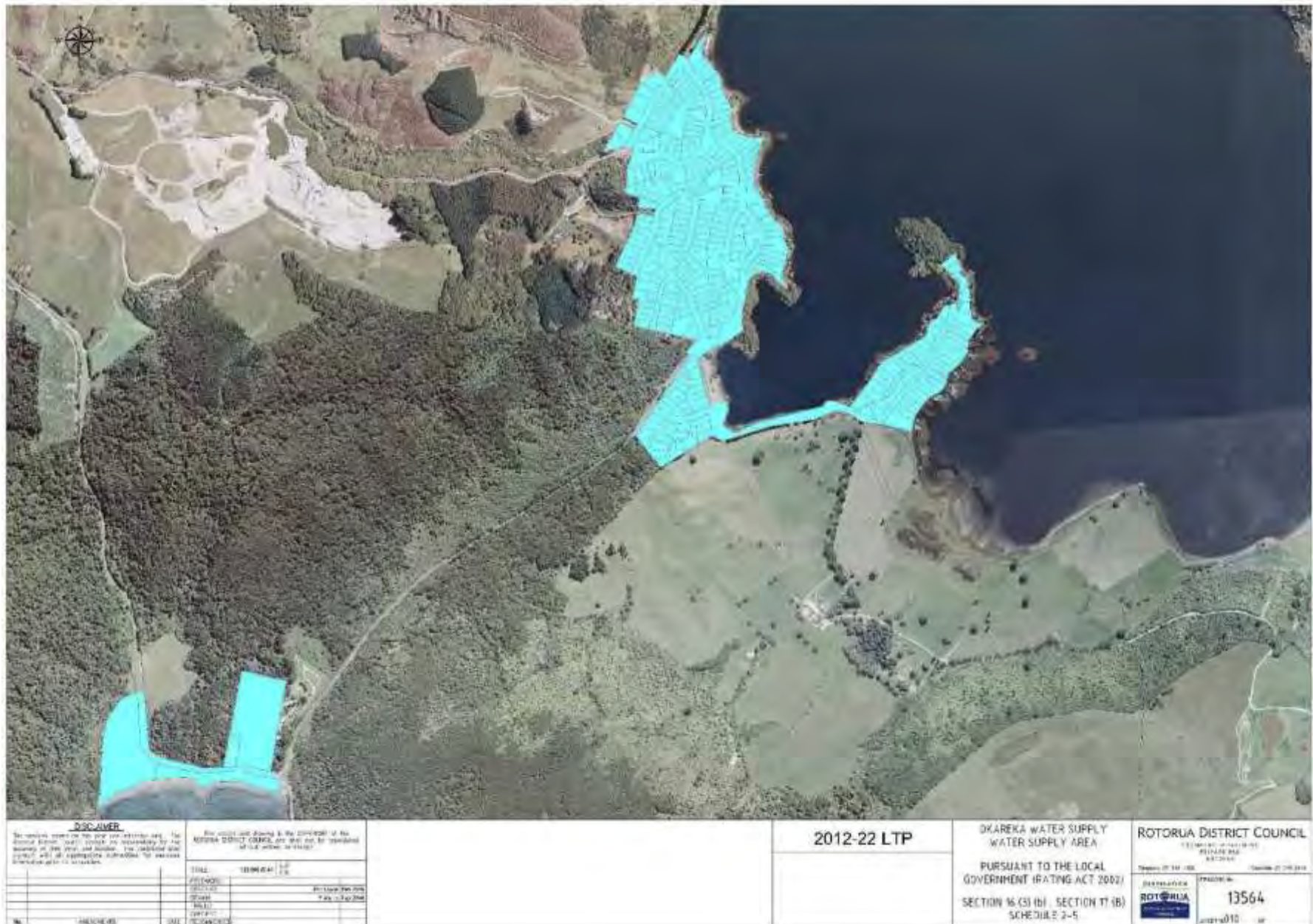
Development contributions policy

Map 1.9 - Hamurana

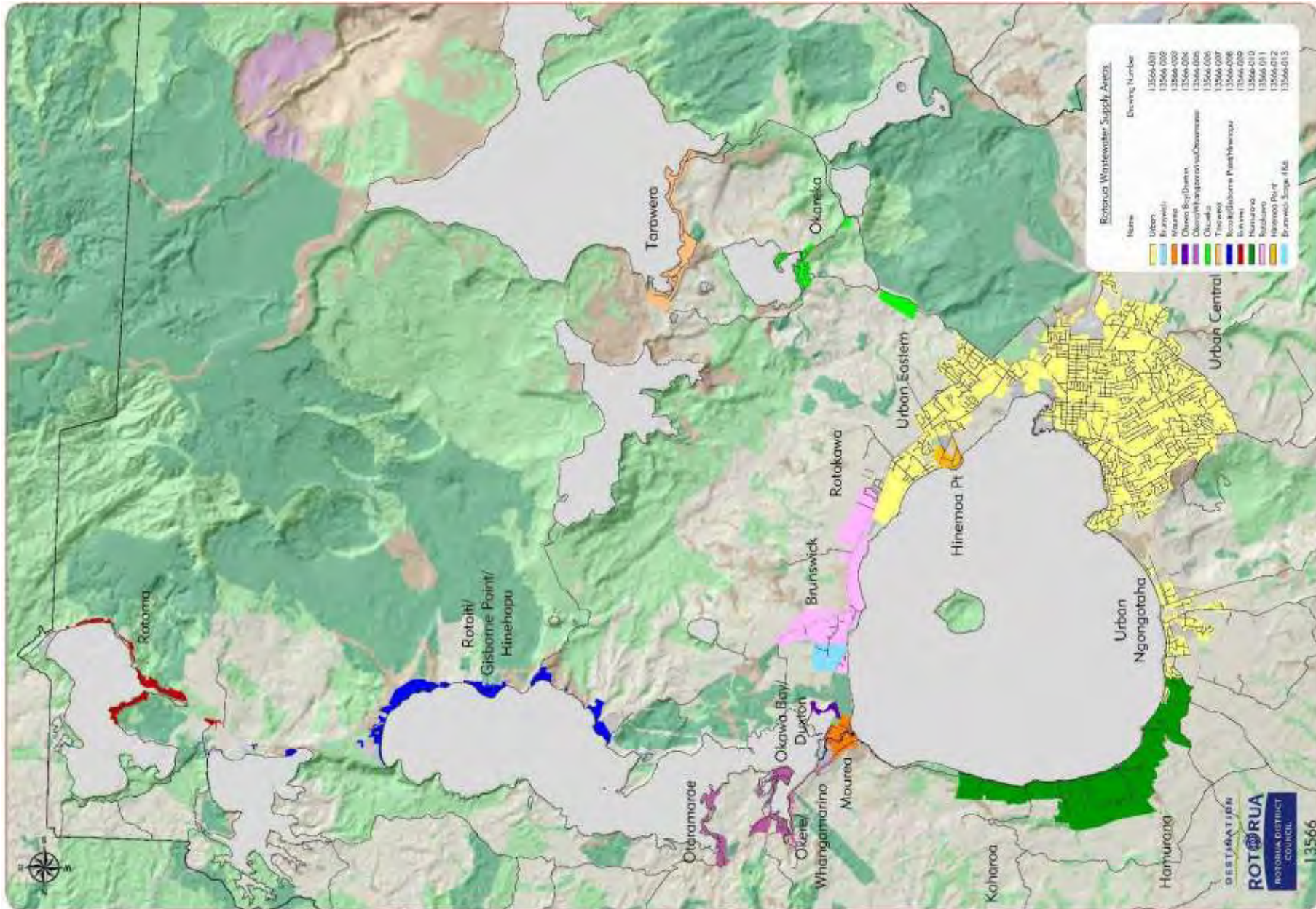


Development contributions policy

Map 1.10 - Okareka

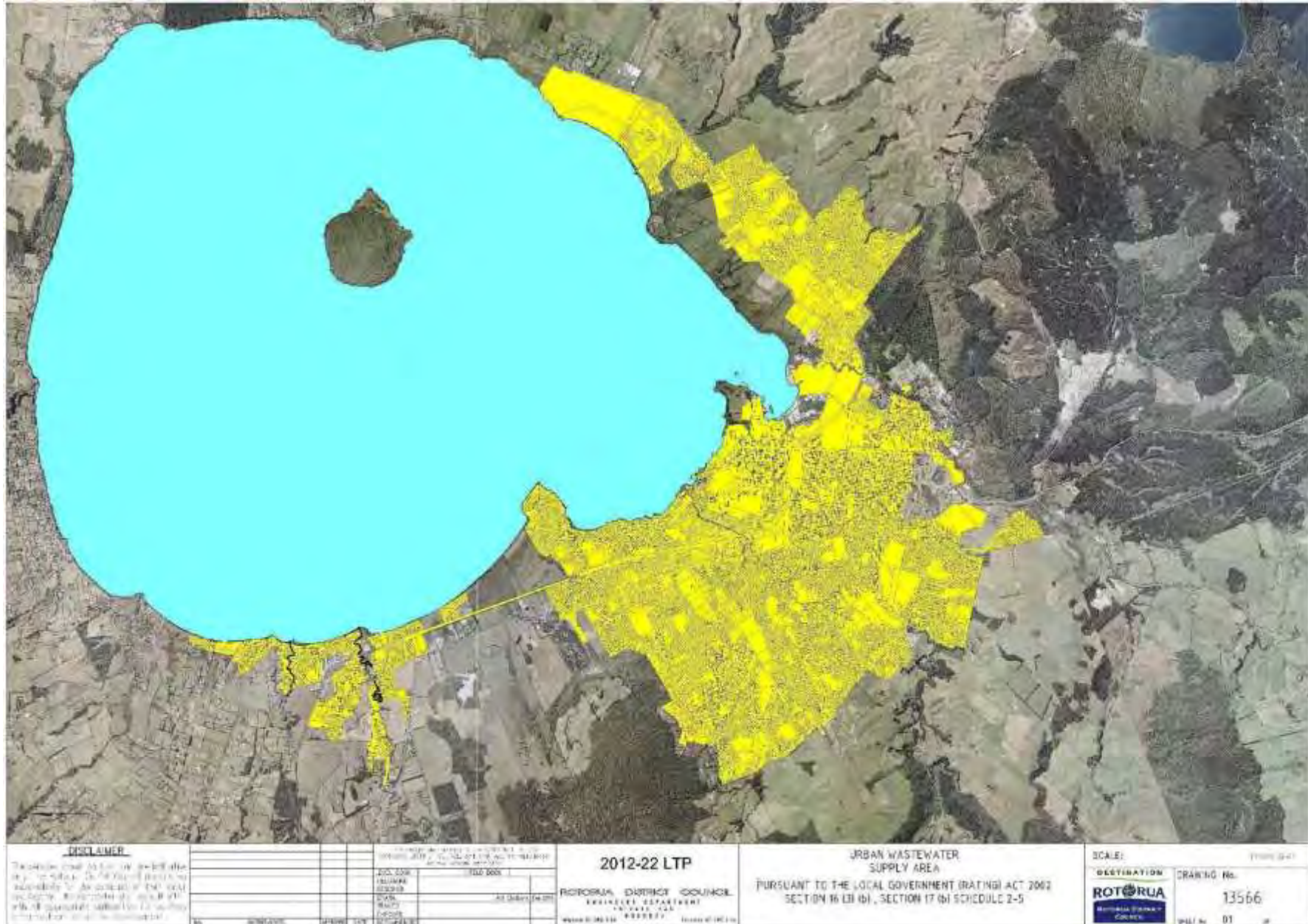


Map 2 Infrastructural Service Catchments: Wastewater



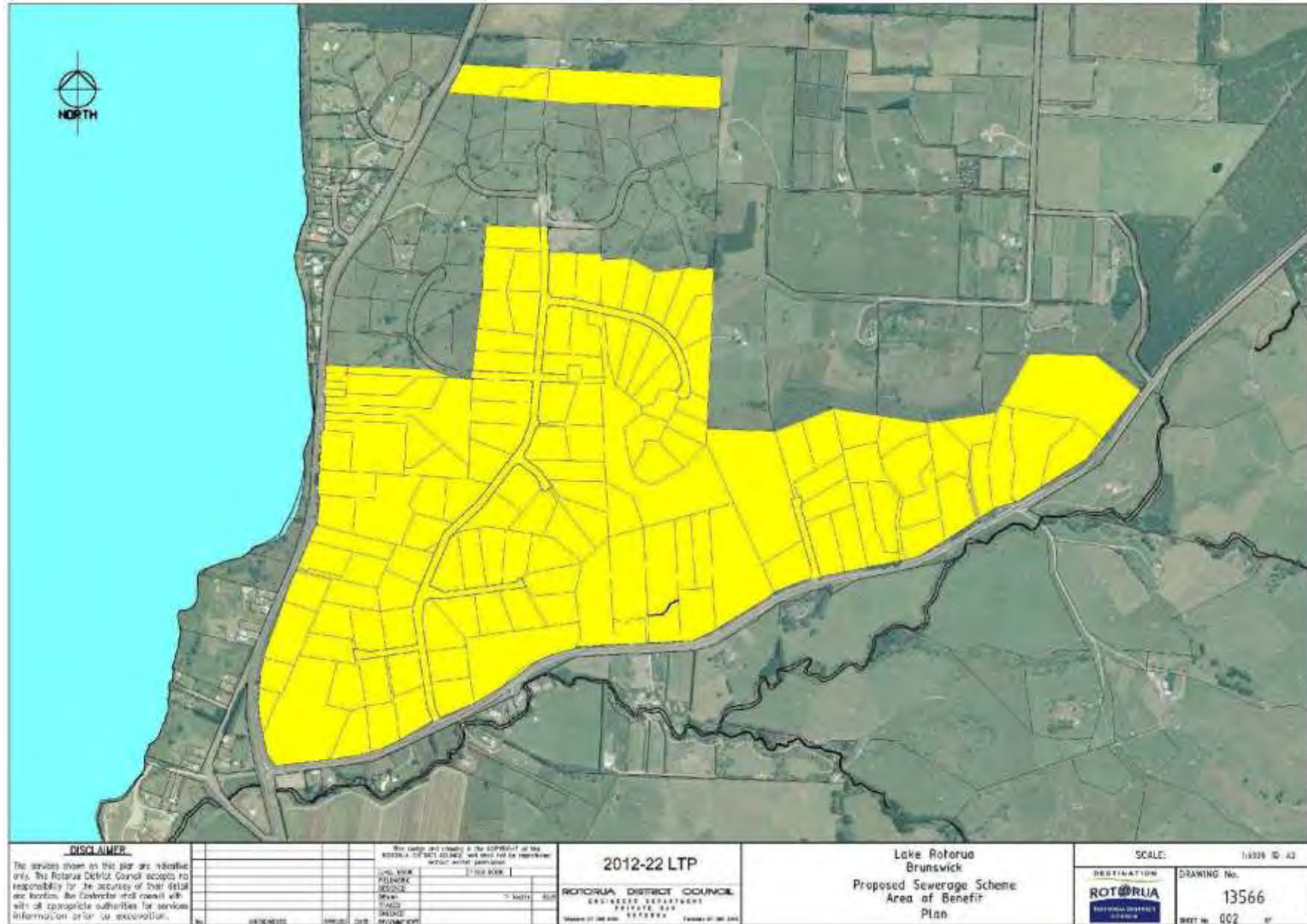
Development contributions policy

Map 2.1 - Urban



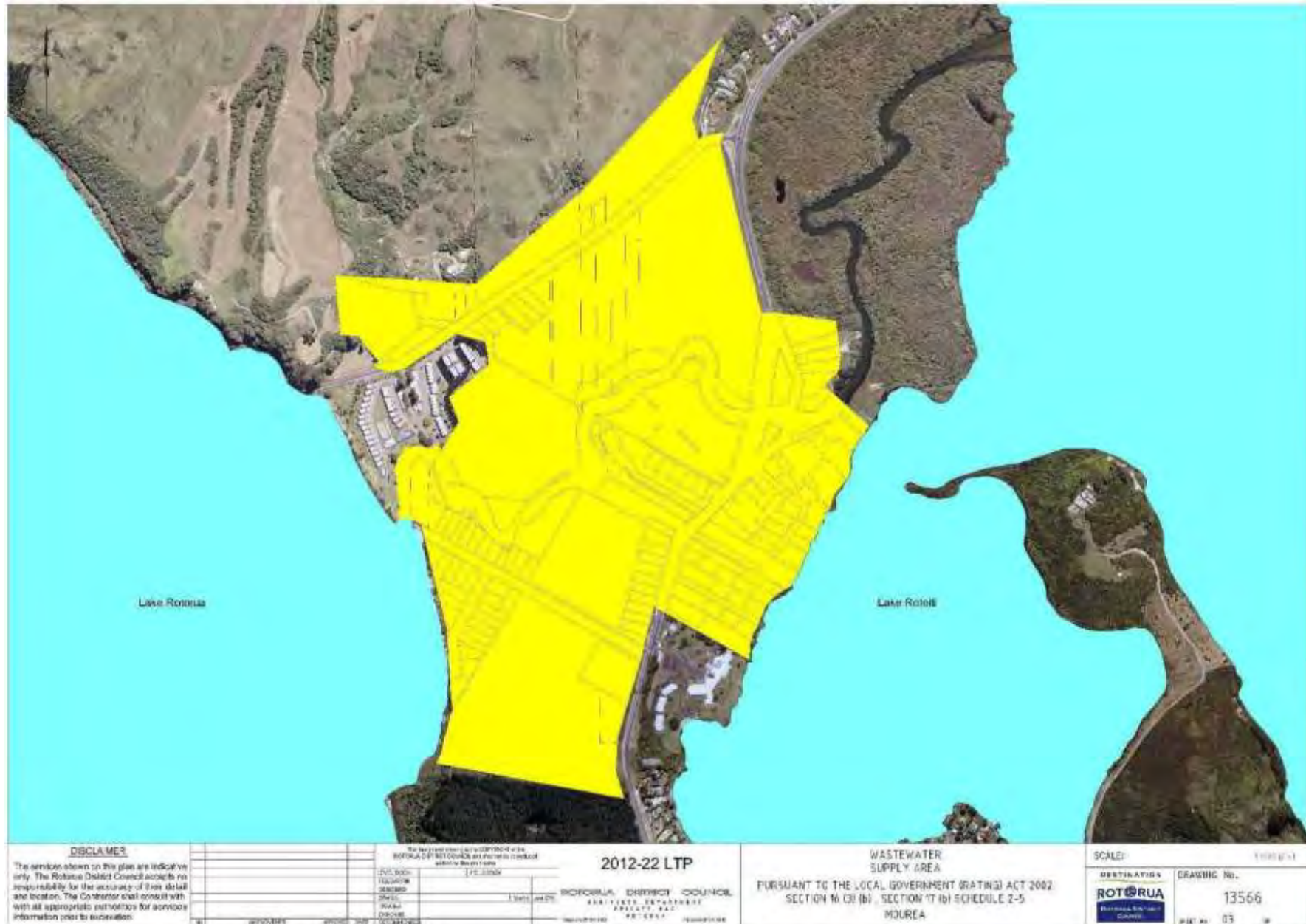
Development contributions policy

Map 2.2 - Brunswick



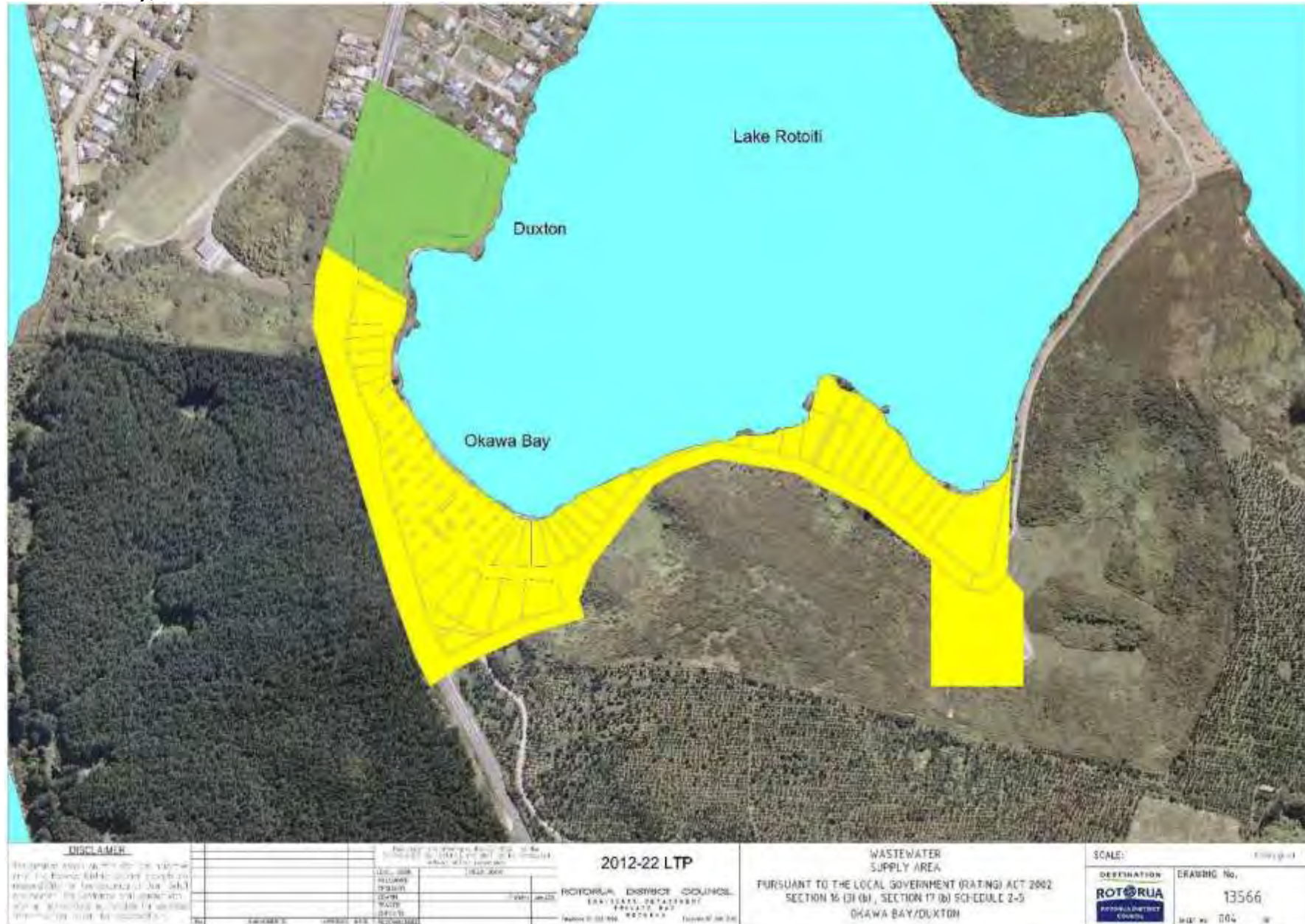
Development contributions policy

Map 2.3 - Mourea



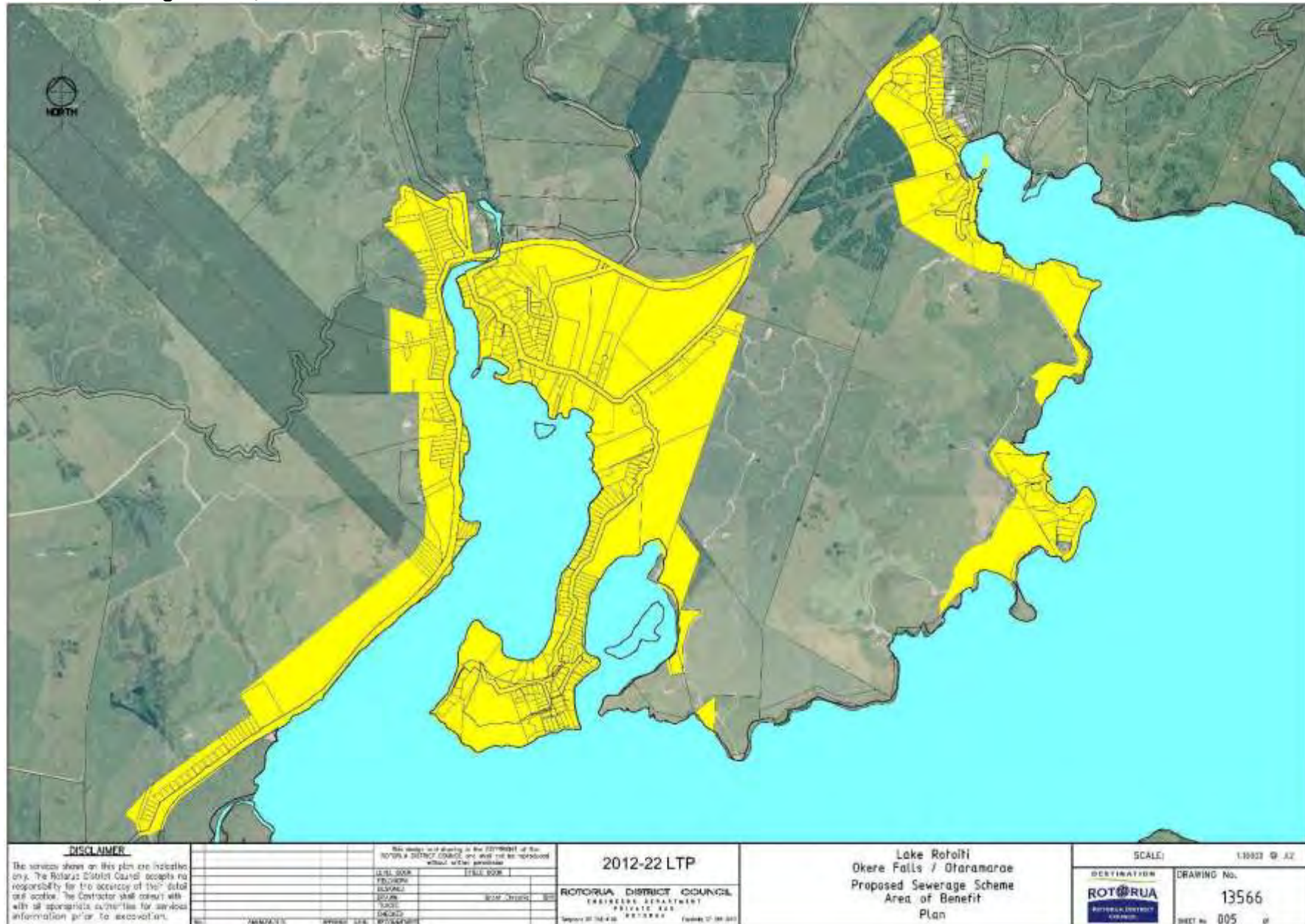
Development contributions policy

Map 2.4 – Okawa Bay/Duxton



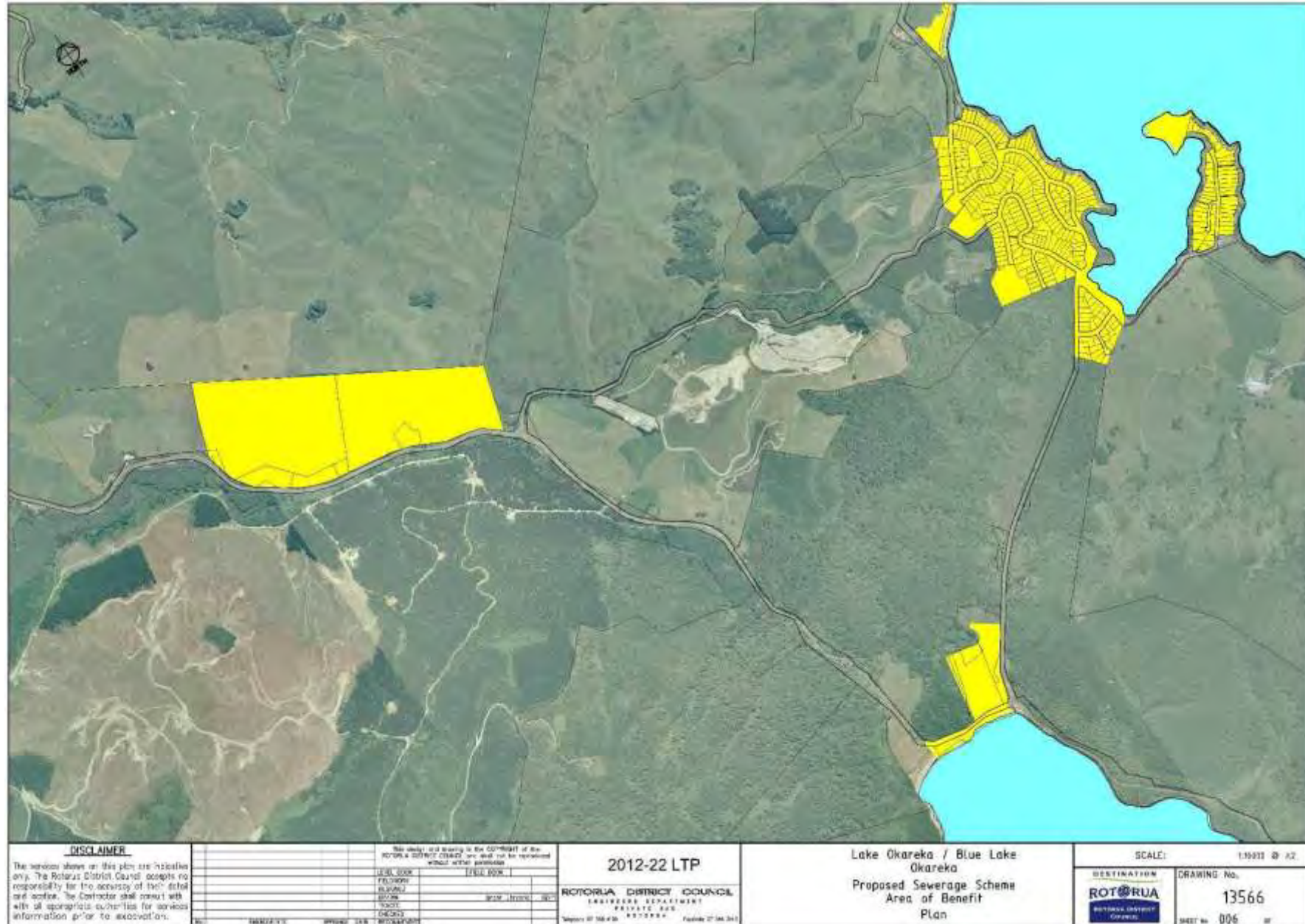
Development contributions policy

Map 2.5 – Okere/Whangamarino/Otaramarae



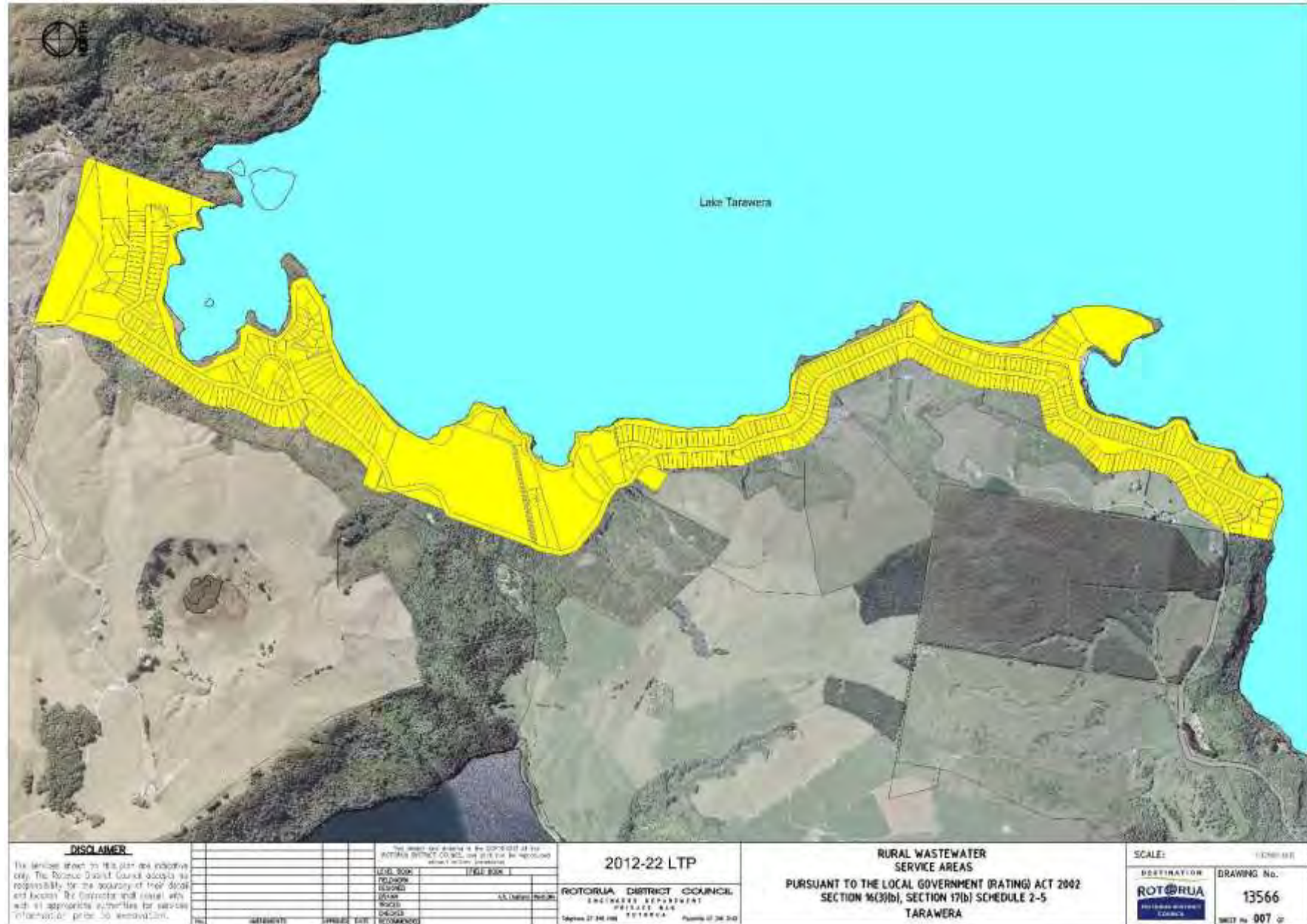
Development contributions policy

Map 2.6 - Okareka



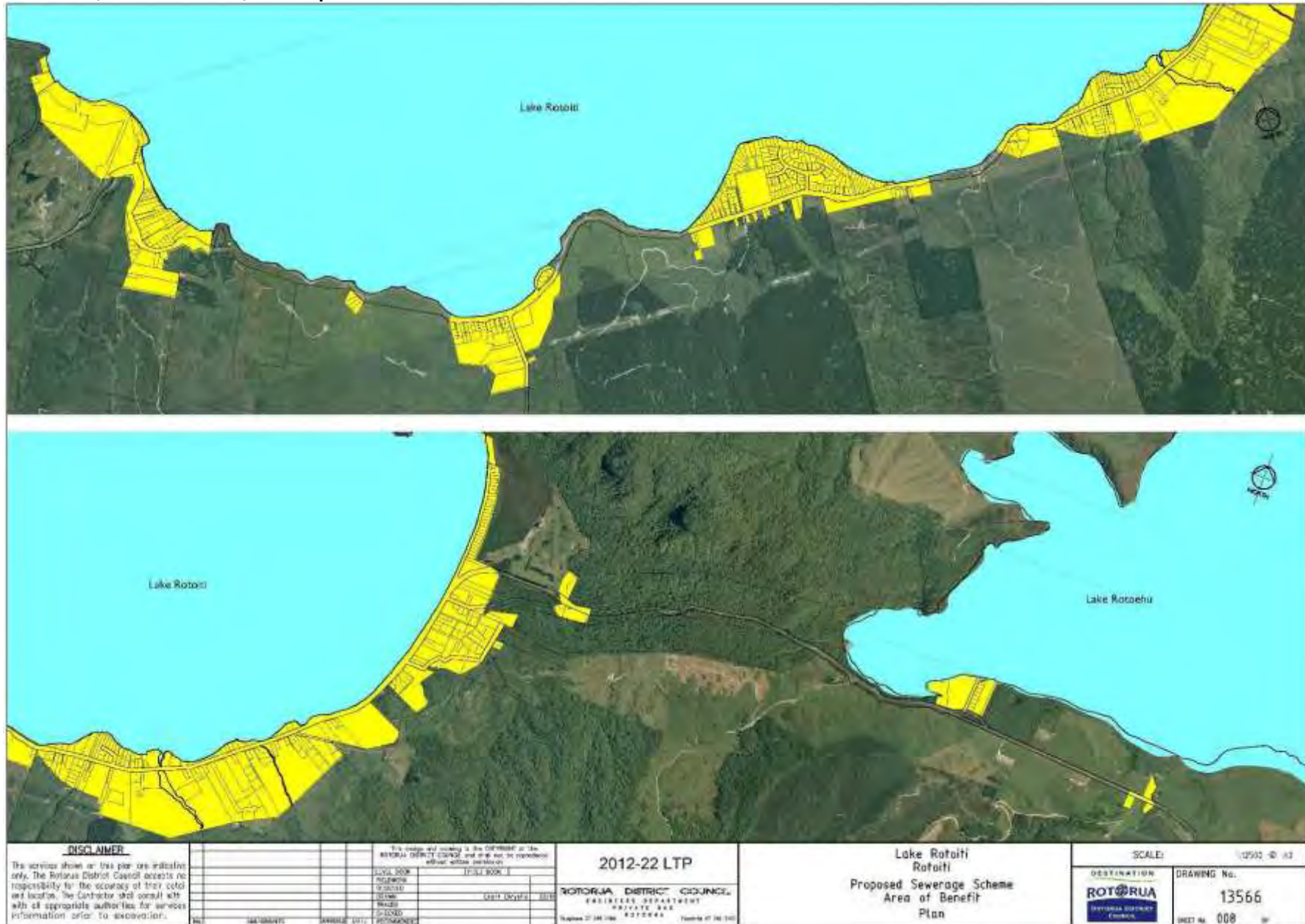
Development contributions policy

Map 2.7 - Tarawera



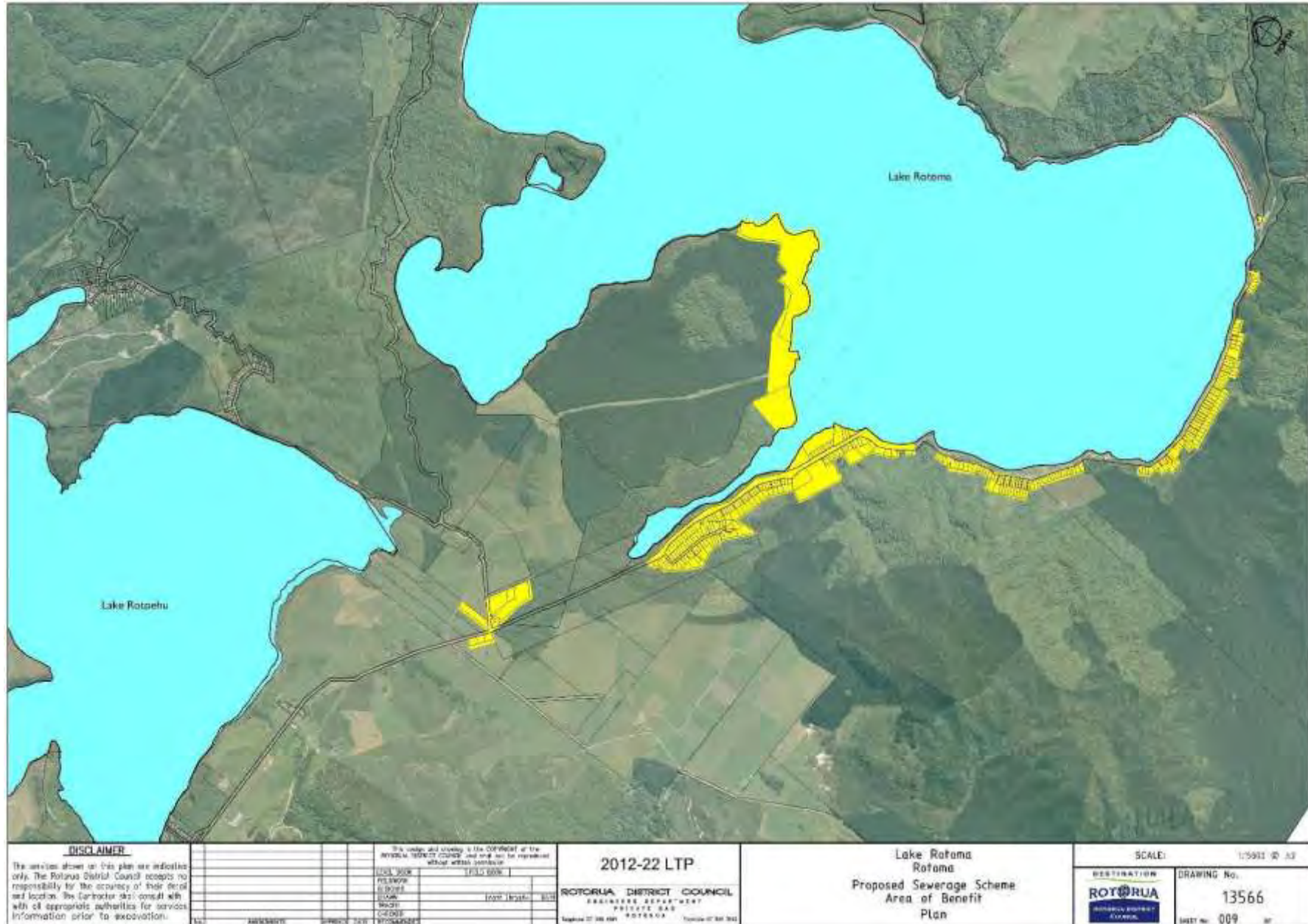
Development contributions policy

Map 2.8 – Rotoiti/Gisborne Point/Hinehopu



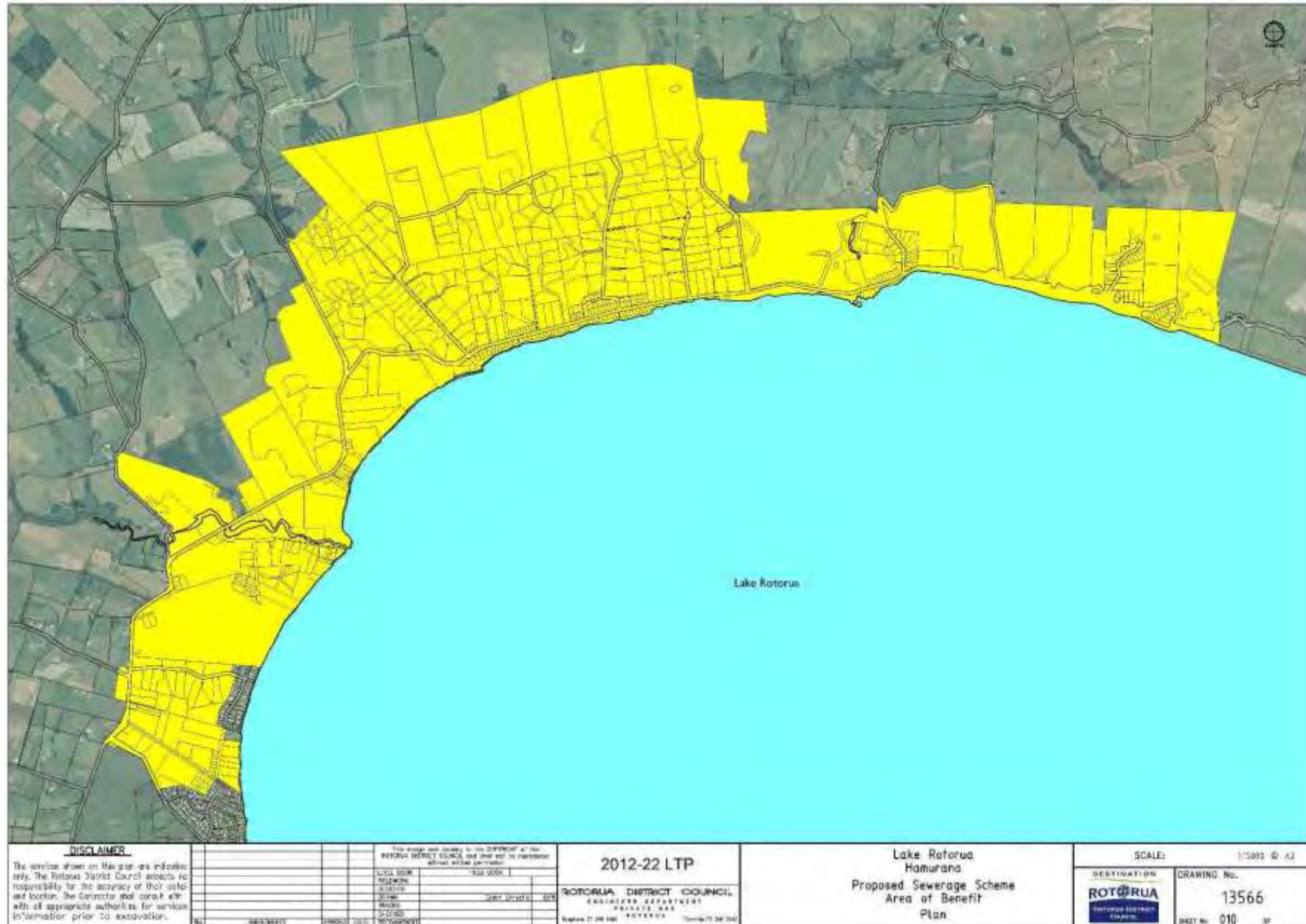
Development contributions policy

Map 2.9 - Rotoma



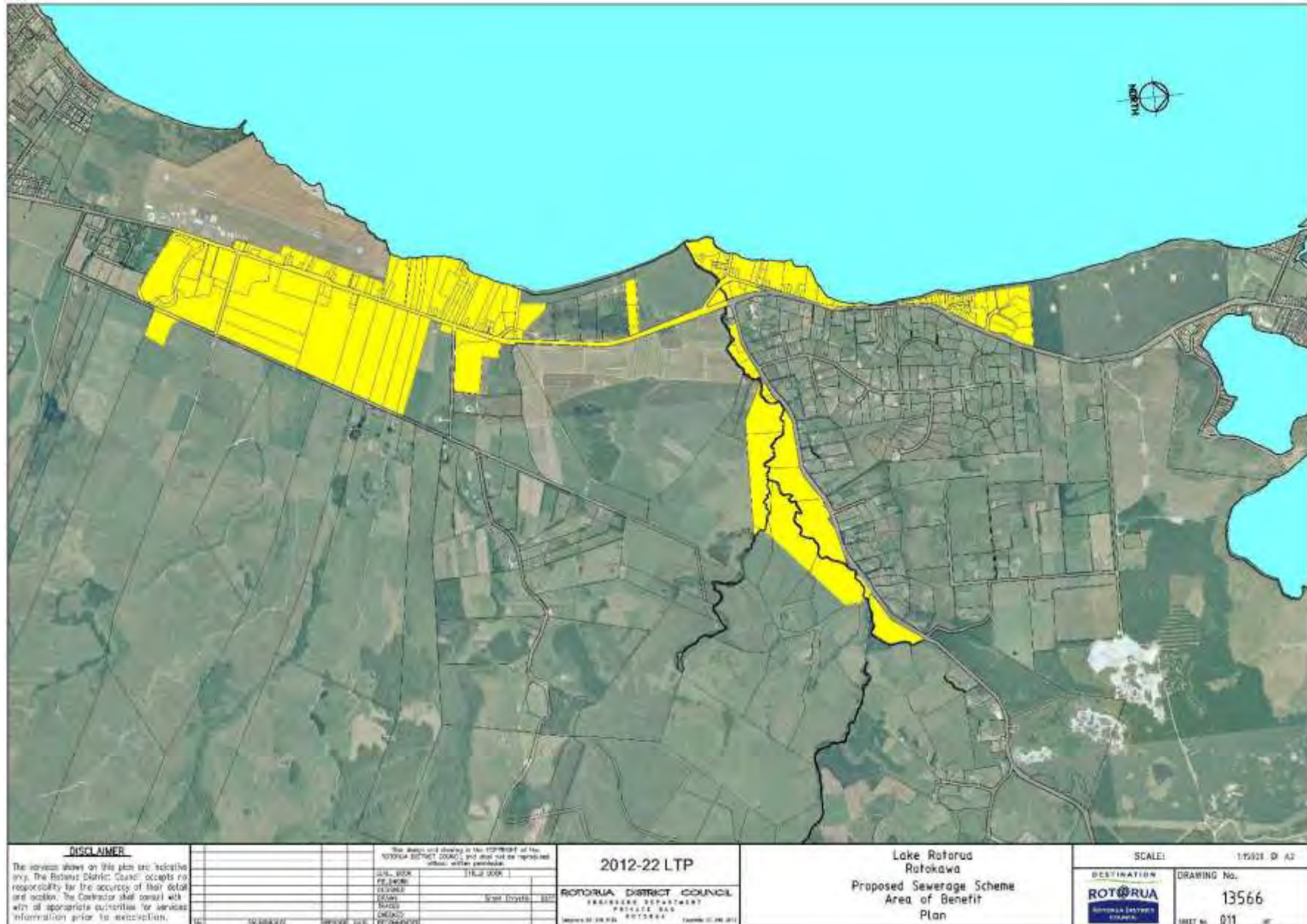
Development contributions policy

Map 2.10 - Hamurana



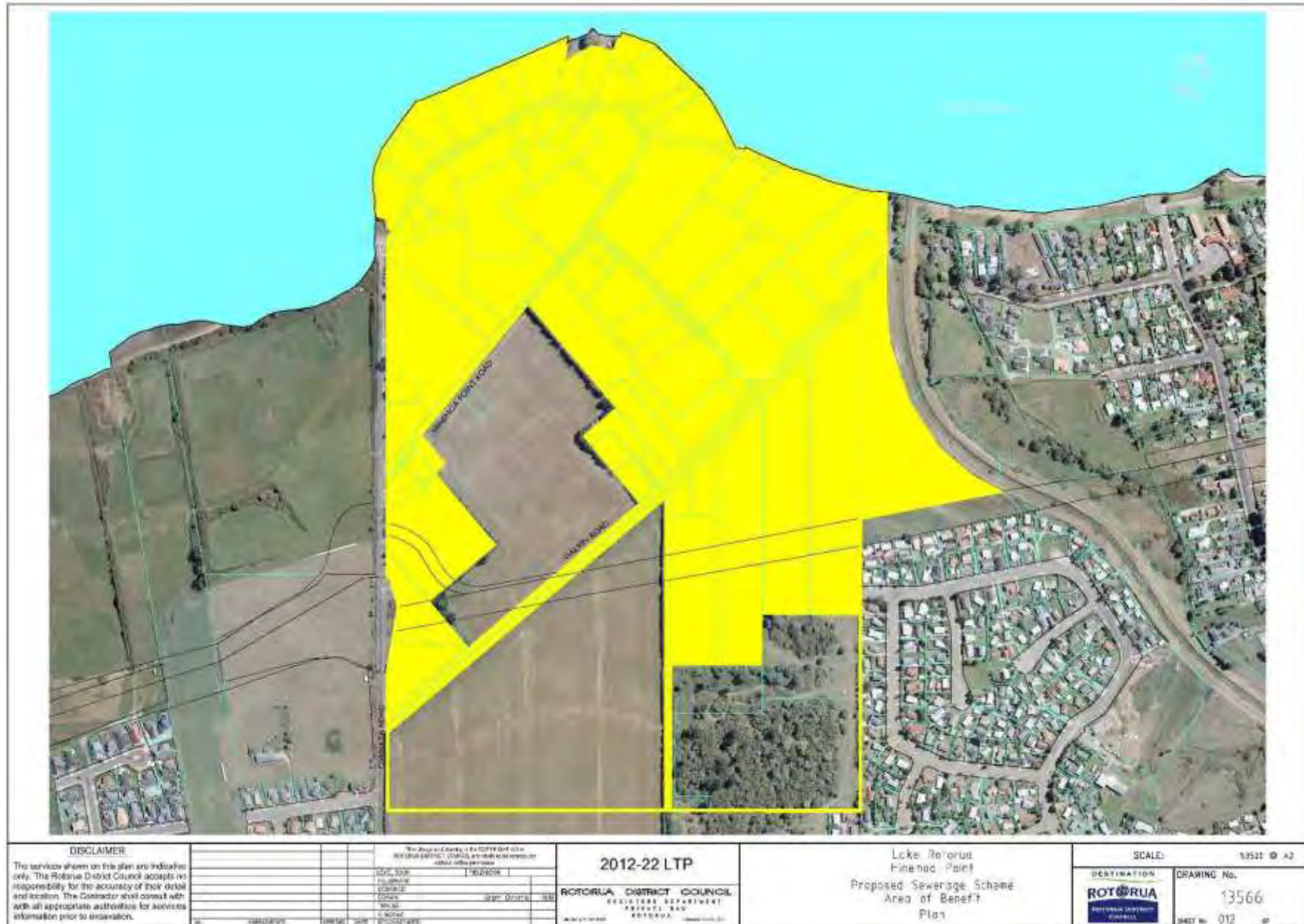
Development contributions policy

Map 2.11 - Rotokawa



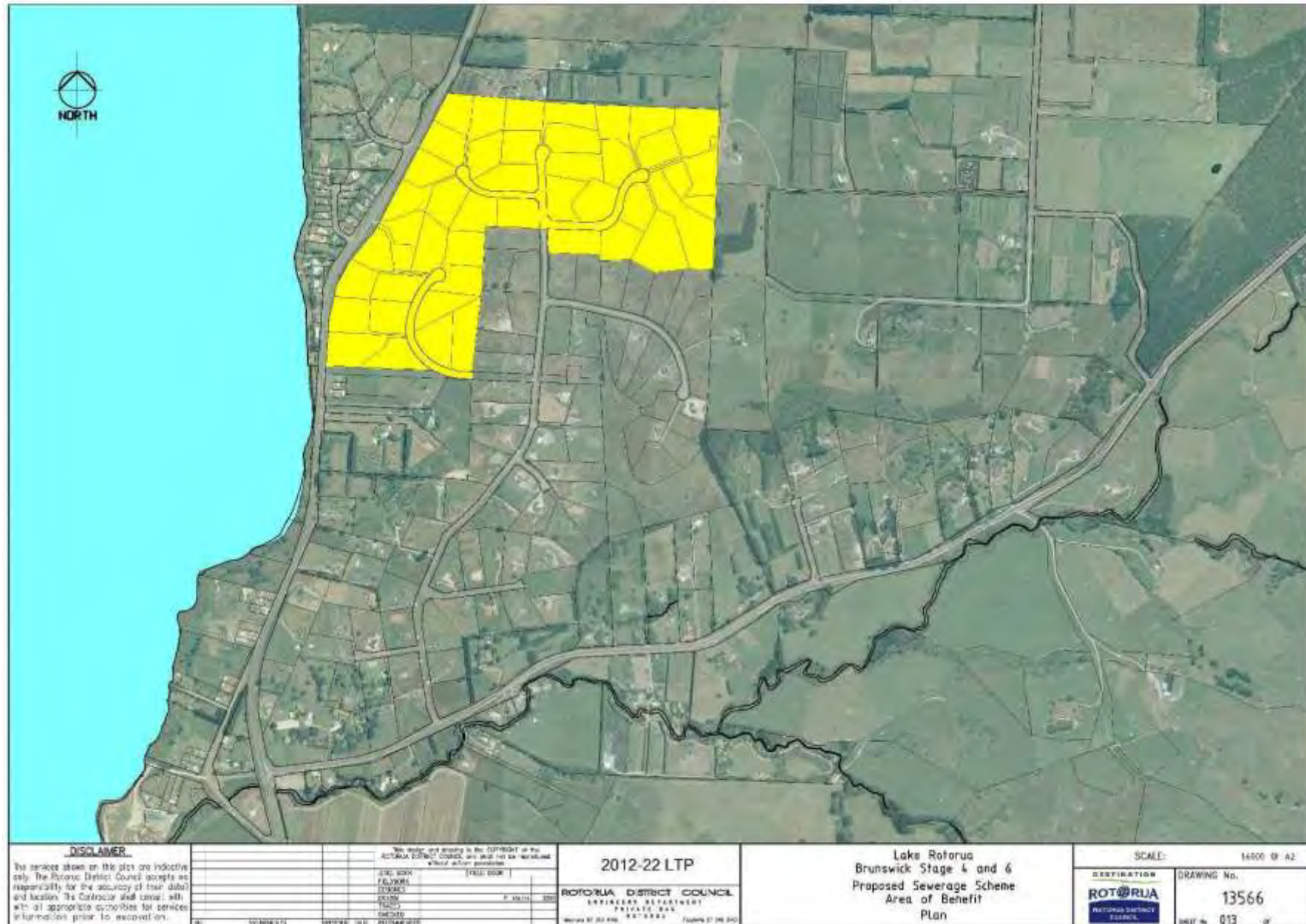
Development contributions policy

Map 2.12 – Hinemoa Point



Development contributions policy

Map 2.13 – Brunswick Stage 4 & 6



Appendix B: Infrastructural activity charges

Development Contribution Schedule of Charges

Activity	Catchment	2012 DC per HUE (excl GST)
Water Supply	Urban and Rural Catchments	\$3,190.80
	Kaharoa	N/A
Land Drainage & Stormwater	Urban Area	\$646.58
Transport	District Wide	\$2,905.76
Public Amenities	District Wide	\$3,123.78
Waste Water	Urban Area	\$3,967.46
	Duxton	\$7,016.59
	Mourea	\$14,984.03
	Okawa Bay	\$13,397.32
	Hinemoa Point	\$17,583.00
	Brunswick/Rotokawa gravity	\$7,252.00
	Brunswick St 4 and 6	\$4,770.00
	Rotokawa LPGP	\$19,832.00
	Okareka	\$20,680.00
	Hamurana	\$17,902.00
	Okere Falls/Otaramarae/ Whangamarino	\$19,052.00
	Gisborne Point/Hinehopu	\$23,143.00
	Rotoma	\$20,414.00
	Mamaku	N/A
Tarawera	N/A	

N/A – not applicable as charges yet to be finalised

1. For rural wastewater schemes the property owner will pay rates and scheme capital contributions. This applies for properties up until the scheme completion.
2. For additional lots or dwellings created after the completion of the scheme, Development Contributions will be payable instead of the scheme capital contributions.

Appendix C: Base units & HUE conversion factors

Residential

Table 1: Base Unit demands on an average household unit (HUE) for each activity

Table 1: Demands of HUE			
Activity	Base Unit	Demand per HUE	Comments
Transport	Vehicle trips per day	10	Assume all light vehicles
Water Supply	m ³ per day	0.9 m ³	District Engineering Standards
Wastewater	m ³ per day	0.66 m ³	District Engineering Standards
Land Drainage	m ² of Impervious surface area	350 m ²	Assessed average impervious area per household unit
Community Infrastructure	HUE		
Accommodation	Bed	1/(2.67 x 365)	Occupancy

Table 2.1: Wastewater Non-Residential HUE Conversions

Engineering Design Standards: HUE = 0.66m³/household/day (Refer also NZS 4404)

Land use description	Units	HUES/100m ²
Residential	0.66m ³ /day	1
Other Employment Categories	Ha	0.108
Accommodation	Bed	0.001

Note: Wet Industry to be defined and treated as a 'special' case.

Table 2.2: Water Non-Residential HUE Conversions

Engineering Design Standards: HUE = 0.9m³/household/day (Refer also NZS 4404)

Land use description	Units	HUES/100m ²
Residential	0.9m ³ /day	1
Other Employment Categories	Ha	0.162
Accommodation	Bed	0.001

Note: Wet Industry to be defined and treated as a 'special' case.

Table 2.3: Land Drainage Non-Residential HUE Conversions

District Plan Maximum Site Coverage Requirement (Impervious Surfaces) 350m²

Land use description	Units	HUES/100m ²
Residential	350m ²	1
Other Employment Categories	Ha	0.198
Accommodation	Bed	0.001

Table 2.4: Community Infrastructure HUE Conversions

Land use description	Units	HUES/100m ²
Residential	Dwellings	1
Other Employment Categories	Ha	0
Accommodation	Bed	0.001

Table 2.5: Transport non-residential HUE conversions (includes split trips)

Land Use ¹ Description	Category	VPD Per 100m ² GFA	% in Journey Type			VPD Equivalent	HUES per 100m ²
			50% ²	20% ³	5% ⁴		
Residential Base Equivalents	Dwelling					10.00	1.00
Commercial premises, offices and industrial	Commercial	20	50%	30%	20%	6.40	0.43
Retail shops and Shopping centres	Retail	100	30%	50%	20%	26.00	1.74
Supermarkets	Retail	130	20%	50%	30%	27.95	1.87
Service stations with retail facilities	Retail	600	5%	20%	75%	61.50	4.12
Markets	Retail	5	40%	50%	10%	1.53	0.10
Bulk goods/home improvement stores	Retail	40	60%	30%	10%	14.60	0.98
Drive in fast food restaurants	Retail	320	10%	20%	70%	40.00	2.68
Restaurants	Retail	66	60%	20%	20%	23.10	1.55
Hospitals	Health	10	60%	30%	10%	3.65	0.24
Medical services and health care centres	Health	58	50%	30%	20%	18.56	1.24
Gymnasiums	Recreation	35	70%	20%	10%	13.83	0.93

Notes:

1. Land Use applications not listed above e.g. new Dairy sheds, Marae expansion and Day Care facilities may default to the Commercial category.
2. Primary: That portion where the sole purpose of the trip is to visit that single business.
3. Secondary: That portion where the purpose of the trip is to visit a number of businesses.
4. Incidental: That portion where the visit to the business is incidental to other purposes.

Table 3: Summary of HUE Assessments

Category	Subdivision	Development
Residential	Per additional title: 1 HUE per activity	Per additional title or household unit including unit title type developments: 1 HUE per activity
Non-residential	Standard table of HUEs per activity in units of 100m ² GFA.	
Mixed Uses	To be assessed as above for the particular land use applied for.	
Special	On demand by Council. Applicant to provide detailed assessments of their development's transport, water supply or wastewater demands in 'base units' – using the standard base unit / HUE conversions these estimates may then be converted into HUEs and charged accordingly.	

Appendix D: Net growth of projects

1. Schedule of Past Projects with Residual Capacity

Table 1 is a summary of the total cost and 'Net Growth' component of selected past projects with residual growth capacity that has been included in the calculation of the Development Contribution.

Activity	Project	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
		\$000				
Wastewater	Okawa Bay – Total Cost				443	273
	- Growth Component				8	5
Wastewater	Mourea – Total Cost			435	2,445	1,505
	- Growth Component			45	251	154
Wastewater	Duxton – Total Cost				195	293
	- Growth Component				24	36

2. Capital Expenditure Related to Growth

Table 2 is a summary of the 'Net Growth' component of projects included in the LTP and planned for implementation in the funding period 2009/10 to 2018/19 that have been included in the calculation of the Development Contribution.

Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Public Amenities	Energy Events Centre	\$30,573	\$23,761	\$2,325			\$4,487
Public Amenities	Library Expansion	\$1,998		\$525	\$164		\$1,309
Public Amenities	Centennial Development Expansion – Rotorua Museum	\$18,432	\$17,570				\$862
Public Amenities	Boatramp and Jetty Upgrades	\$617		\$247			\$370
Public Amenities	Parklands Development – Kuirau Park	\$206		\$30			\$176
Public Amenities	Ngongotaha Reserves Development	\$963		\$376	\$31		\$556
Public Amenities	New Playgrounds	\$252		\$144			\$108

Development contributions policy

Schedule of Planned Projects with Capacity to Support Growth							
Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Public Amenities	Sportsfield Development – Westbrook	\$828			\$45		\$783
Public Amenities	Neighbourhood Reserve Development	\$80					\$80
Public Amenities	Aquatic Centre Expansion	\$3,288		\$2,279			\$1,009
Public Amenities	East Regional Sports Park	\$750		\$69	\$360		\$321
Land Drainage and Stormwater	Urban Stormwater Upgrading	\$6,790		\$1,750	\$2,580		\$2,460
Transportation	Development Assistance	\$850					\$850
Transportation	Victoria Street Arterial	\$49,678	\$27,820	\$5,426	\$154		\$16,278
Transportation	Lake Road 4-laning	\$11,342	\$6,352	\$735	\$720		\$3,535
Transportation	Malfroy/Ranolf Roundabout	\$1,366	\$765	\$283	\$20		\$298
Transportation	Malfroy/Old Taupo Intersection	\$2,000	\$1,140	\$318	\$129		\$413
Transportation	New Passenger Transport Terminal	\$2,214	\$1,240				\$974
Wastewater	Gravity Main Upgrades and Fenton Park	\$3,347			\$974		\$2,373
Wastewater	Treatment Process and Capacity Upgrades Urban	\$7,959		\$152	\$692		\$7,115
Wastewater	Brunswick Sewerage Scheme	\$7,166	\$3,583	\$1,343			\$2,240
Wastewater	Duxton Sewerage Scheme	\$562	\$254	\$239			\$69
Wastewater	Mourea Sewerage Scheme	\$4,234	\$2,655	\$1,145			\$434
Wastewater	Mamaku Sewerage Scheme	\$6,000	\$3,000	\$2,700			\$300
Wastewater	Okawa Bay Sewerage Scheme	\$767	\$365	\$388			\$14
Wastewater	Hinemoa Point Sewerage Scheme	\$1,433	\$717	\$340			\$376
Wastewater	Okere Falls/Otaramarae/ Whangamarino Sewerage Scheme	\$10,520	\$7,623	\$1,722			\$1,175
Wastewater	Rotokawa Sewerage Scheme	\$6,355	\$3,177	\$1,500			\$1,678
Wastewater	Gisborne Point/Hinehopu	\$18,175	\$12,456	\$4,494			\$1,225
Wastewater	Hamurana Sewerage Scheme	\$16,622	\$10,015	\$4,335			\$2,272
Wastewater	Okareka Sewerage Scheme	\$10,237	\$5,000	\$5,065			\$172
Wastewater	Rotoma Sewerage Scheme	\$10,905	\$6,760	\$2,612			\$1,533
Wastewater	Tarawera Sewerage Scheme	\$13,800	\$6,900	\$6,461			\$439
Water Supply	Eastern Reservoir 3	\$2,200		\$316			\$1,884

Development contributions policy

Schedule of Planned Projects with Capacity to Support Growth							
Activity	Project	Total Cost \$ 000	External Funding \$ 000	Backlog \$ 000	Renewal \$ 000	Unallocated \$ 000	Growth \$ 000
Water Supply	Ngongotaha Rising/Delivery Main Upgrade	\$2,398					\$2,398
Water Supply	Eastern Mains Upgrade Coulter Rd to Airport	\$961		\$288			\$673
Water Supply	Eastern Trunk Upgrade from Reservoir 1 to Reservoir 3	\$3,006					\$3,006
Water Supply	Eastern Duplicate Rising Main Stage 2	\$400					\$400
Water Supply	Reporoa Mains Upsizing	\$500		\$168	\$220		\$112
Water Supply	Hamurana Treatment Upgrade	\$137		\$104			\$33
Water Supply	Mamaku Treatment Upgrade	\$325		\$165			\$160
Water Supply	Reporoa Treatment Upgrade	\$785		\$628			\$157
Water Supply	Urban Treatment Upgrade	\$2,085		\$1,514			\$571
Water Supply	Central Additional Storage	\$2,800		\$478			\$2,322
Water Supply	Rotoiti Treatment Upgrade	\$129		\$86			\$43
Water Supply	Rotoma Treatment Upgrade	\$96		\$54			\$42

Appendix E: Procedural items relating to policy

1. Determination of Development Contribution Charges

1.1 Level of Service

Council activity plans for each activity, linked to the LTP, define the relevant level of service (LoS) for that activity.

From these LoS statements a capital project list to meet projected growth has been identified and costed, based on sustaining these LoS.

In general the Development Contributions will be calculated based on the existing LoS across the District.

Any requirement to increase the LoS for existing users will not be funded by Development Contributions.

2. Cost Allocation Methodology

The Cost Allocation Methodology used in this policy is referred to as "Modified Shared Drivers". This methodology is applied to the 10 years of capital works expenditure in the LTP.

The Modified Shared Drivers approach takes the planned costs of a proposed project and assigns them to various drivers, which are:

- Renewal
- Backlog
- Growth
- Unallocated

A summary of the Cost Allocation Methodology is as follows:

- The scope and gross cost of the project are reviewed. Any non-capital (operations and

maintenance costs, feasibility costs) are deducted.

- Third party funding is identified and deducted.
- Catchment is established.
- A share for renewal is deducted taking into account the scope of assets being renewed and their remaining life at the time of renewal.
- Capacity and demand information based on current levels of service is used to allocate shares to backlog and growth.
- Any remaining share is defined as Unallocated.
- Capacity and useful life information is gathered to help determine the period over which contributions should be collected.

3. Funding Model

The purpose of the funding model is to ensure an equitable assessment of the funding requirements to support the Development Contributions regime. The primary output of the funding model is an assessment of the required Development Contributions charges. These charges are listed in Appendix B, Table 1.

The model takes account of:

- The funding requirements to support the cost of growth infrastructure.
- Equitable application of those funding requirements to the incoming growth community.
- Recognition that the backlog components of the growth infrastructure are funded by the existing community. The rating charges applied to the existing community will also be applied to the incoming community as there is no differential rating process to exclude the incoming community from those rates charges.
- Future rating revenue from the increasing community has been estimated and

incorporated into the calculation of the contributions in the funding model.

- Interest on funds raised to implement growth infrastructure.
- Interest on contributions received in advance of provision of growth infrastructure.

4. Assessment of Development Contributions

4.1 Residential and Lifestyle Block Applications

The only information that is required to calculate the number of HUEs, and hence the development contribution that is chargeable, is the additional number of residential allotments or household units created by the proposed consent.

Any additional Household Unit, excluding garaging, on the same lot, will be assessed and charged a Development Contribution based on the following table:

Floor Area of Household Unit	% charge/HUE
Less than 40m ²	No Charge *
40m ² to less than 60m ²	50% HUE
60m ² to less than 70m ²	60% HUE
70m ² to less than 80m ²	70% HUE
80m ² to less than 90m ²	80% HUE
90m ² to less than 100m ²	90% HUE
100m ² or greater	100% HUE or 1 HUE

*The first additional household unit of less than 40m² will not attract a development contribution. Any further household units of less than 40m² will be levied a development contribution of 50% HUE

Retirement village self-contained units will be assessed at 0.5 HUE. This includes Kaumatua housing on maraes.

4.1.1 Extensions to Existing Household Units

Where a Development Contribution assessment, made under previous policies, has resulted in a partial Development Contribution, due to the floor area of the dwelling and that dwelling is increased in size to that of a full HUE (100m² or more), the balance Development Contribution charge will apply according to the policy.

Where a nil development contribution has been assessed for a first additional household unit of less than 40m², and is increased to greater than 40m² but less than 60m², a development contribution of a half HUE will apply.

Note that for a (consented) household unit lawfully established prior to 1 July 2006 an historic credit of one HUE will apply or credits for existing household units of less than 100m² will be based on the table in 4.1.

4.2 Visitor Demand

The demand on community assets and networks by visitors is significant and attributable to network and community infrastructure. For engineering type assets such as roading, water and wastewater networks and infrastructure the extra demand can be calculated based on peak requirements in such periods as holidays, major conferences etc. The peak demand is taken as 100% occupancy of all accommodation and infrastructure and assets are sized accordingly. For community infrastructure more conservative HUE conversions are necessary, for instance few visitors may use the library but many will use the parks and museum. Visitor demand in these cases is taken on an activity and/or project basis using such information as is available at the time. (Refer to Tables in Appendix C).

4.2.1 Occupancy rates for Accommodation types

The percentage occupancy rates in the table below are based on accommodation data for Rotorua for June 2005 to May 2008, collected by the Statistics New Zealand Accommodation Survey, published in May 2008.

Table 2: Accommodation Occupancy Rates

Accommodation Type	% Occupancy Rate
Hotels	60
Motels and Backpackers	50

4.3 Non-Residential Applications

Non-Residential applications (e.g. business, accommodation, industrial and commercial) will include all activities except residential applications. For non-residential consent applications HUEs may be calculated for each activity using one of the following methodologies:

- If demand is known (e.g. traffic movements, volume of water usage) then use the base units in Appendix C, Table 1 to calculate the HUE. "Known demand will be provided by a suitably qualified and experienced professional in the activity field and the report will be peer reviewed by Council. If there is disagreement, Council's view will be used in the Development Contribution calculation.
- If demand is unknown, use the Gross Floor Area (GFA) conversions in Appendix C, to estimate the HUE.
- The demand on services of any activity will be calculated based on an assessment of the demand when the activity is established and operational, not on the demand created temporarily during construction.

4.4 Rural Land Uses

Residential developments in the rural area are treated the same as in the urban environment.

Each rural allotment will be assessed as having 1 HUE per residential dwelling on the property. Each additional or new residential dwelling on a rural allotment will be assessed as for residential land, see section 4.1.

Farm sheds and buildings associated with rural activities, which do not place additional demand on infrastructural services, will not incur a development contribution.

Industrial or commercial developments located in the rural area will be assessed for a development contribution in accordance with either section 4.3 above or Appendix G, Section 1.

Where the property is not planned to be connected to the water supply or wastewater network infrastructure no charge will be made for that activity. However if at a future time the property is to be connected it will attract a development contribution at building consent or at service connection.

4.5 Crosslease

All completed residential cross-lease titles, prior to 1 July 2006, will be assessed as 1 HUE credit.

4.6 Partition of Maori Land

The Maori Land Court can effect an order to partition Maori land. There are generally two types of partition:

- Full Partition, where parcels will not be held by members of the same hapu and must be partitioned in accordance with the RMA subdivision requirements. A Development Contribution will be assessed at the subdivision stage.
- Hapu Partition, where freehold Maori land maybe partitioned for members of the same hapu without requiring subdivision consent. In this case the Development Contribution will be assessed at the building consent stage or at time of service connection.

4.7 Application to Council for a Certificate under s226 (RMA 1991)

No development contribution will apply at the time of an application to Council for a certificate under s226(1)(e)(ii)(RMA 1991). However a development contribution assessment will apply to future development at the time of an application for building consent on the additional titles issued.

Appendix F: Remissions, reductions and refunds

Any application for a Review, Remission or Reduction must be made in writing to Council within 20 working days of receiving the Development Contribution assessment associated with a Resource or Building Consent.

As a general rule, except in extraordinary circumstances, remissions, reductions and refunds will not be granted.

1. Remission

A remission is an adjustment to the scheduled charge for a particular activity within a development contribution area as a percentage or in dollar terms. Generally it is expected there will be few remissions. Remissions will only be invoked as a resolution of Council.

Remission (in whole or in part) of Development Contributions may be allowed in the following circumstance:

- Development Contributions applicable to a particular development are deemed by Council to be excessive for any reason. This catchall is inserted because Council recognises that there may be situations not envisaged at the time this policy was established that justify remission. However, where units of demand are created it would only be in exceptional circumstances that Council would accept that a remission is justified. An example where remission applications may be appropriate is as follows:
 - Strategic economic development projects that address selected high priority strategic actions developed by the Council from time to time.

2. Reduction

A reduction is an adjustment to the HUEs assessed for a consent application.

A reduction will only be considered as part of a request by an applicant.

3. Procedures for Remission and Reduction)

At the request of an applicant, the Development Contributions required on a development may be considered for remission or reduction.

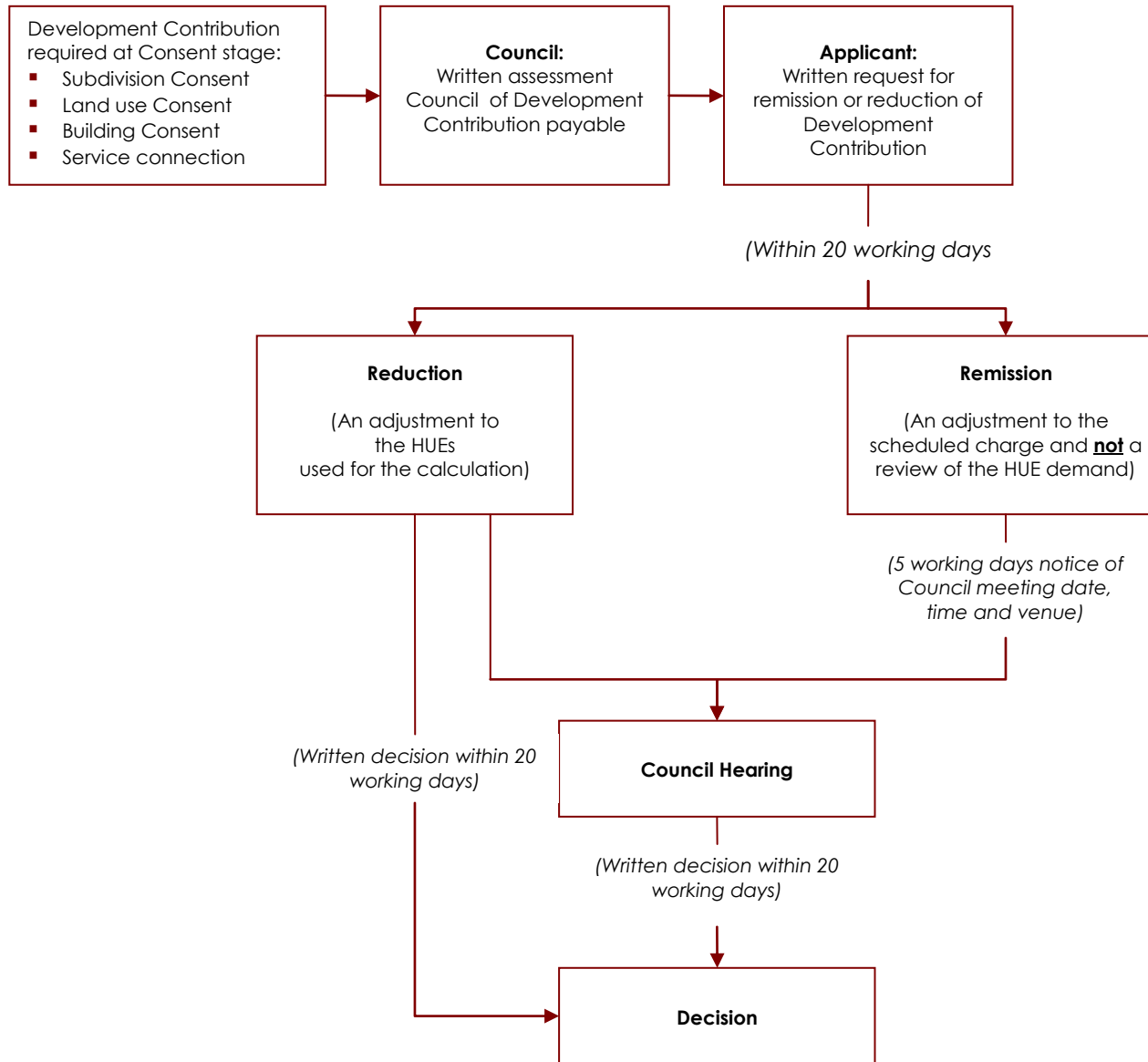
Once Council has advised in writing the development contribution assessment required, a request for remission or reduction must be made by notice in writing to Council within 20 working days and before the Development Contributions required on the development is invoiced. Council will not allow remissions retrospectively after payment. However requests for reductions may be made at any time if there are significant changes to the project.

Sufficient opportunities exist for any developer to discuss all matters relating to this with Council staff, to outline any extraordinary circumstances and for matters to be brought before them for a decision. Upon receipt by Council of a written request for a review, the applicant will be advised within 20 working days the result of the review. As a result of the staff review the request may be referred to a Council committee for further consideration, and in any such case, the applicant will be given 5 working days notice of the date, time and venue of that committee meeting. The committee will make a determination within 20 working days of the referral.

It is important to note that this review process is similar to that for remission of rates and there is no right to a hearing similar to that for the review of a condition of a resource consent.

Any claim for a reduction or remission would have to be justified by the applicant and shall set out reasons for the request.

Diagram 2 - Development Contribution Review Process¹



¹ For a Development Contribution to be considered for a remission or reduction, supporting evidence must be submitted with the request outlining the reasons why it is justified.

Council may, at its discretion, uphold, reduce, postpone or remit the original amount of Development Contributions required on the development and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing.

Where Council decides to consider a request for a remission or reduction the following matters will be taken into account:

- The Development Contributions policy
- The contributions model
- Council's funding and financial policies
- The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by Council in its capital works programme
- The level of existing development on the site.
- Development Contributions paid and/or works undertaken and/or land set aside as a result of:
 - Development Contributions
 - Agreements with Council
 - Financial contributions under the RMA 1991
- Any other matters Council considers relevant.

In any case, Council retains the right to uphold the original amount of development contributions levied on any particular development.

Any agreed outcome will be recorded in a private development agreement.

4. Postponements

For the purposes of this Policy postponements on payment of a development contribution will not be applied.

5. Refunds

The Development Contribution policy provides for projects which have an extensive funding period and construction phase for many years and extend beyond the current LTP. However all development contribution projects have to be identified in the LTP.

The refund of money will occur in accordance with Sections 209 and 210 of the LGA 2002, in the following circumstances:

- if a resource consent lapses or is surrendered
- if a building consent lapses
- if the development or a building in respect of which a resource consent or building consent was granted does not proceed
- if Council does not provide any network infrastructure, or community infrastructure for which a Development Contribution was required.

Any refunds will be issued to the current consent holder for the development to which they apply.

The amount of any refund will be the contribution paid, less any costs already incurred by the Council in relation to the development or building and its discontinuance.

The refund would exclude any costs already incurred by Council, but may include any interest earned depending on the circumstances of the case.

Appendix G: Other matters

1. Extraordinary Circumstances

Council reserves the discretion to enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of HUEs.

If, at development stage, an application clearly has a significantly greater or lesser impact than that envisaged in the averaging implicit in the above methodology, a 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's transport, water supply and wastewater demands in units of demand (HUE conversion).

Using the standard base unit/HUE conversions these estimates may then be converted to HUEs and charged accordingly.

For example, a 'traffic impact assessment' is a requirement for non-residential developments which may result in significant traffic effects, as well as larger residential developments. It will usually be possible to compare the vehicle trips per day reported from this source with the Appendix C, Table 2.5. Any particular land use, such as but not limited to the following, may be deemed to fall into the special assessment category and the HUEs based on the impact assessment. For example:

- Learning institutes (with or without accommodation)
- Tourist industries and facilities
- Conference Centres

2. Private Development Agreements

Where it is in the best interests of all parties (Council, the community and the developers), the Council may enter into a private development agreement with a developer. This agreement must clearly state the Development Contributions policy departures from the standard process and calculation, and the reasons for entering into the agreement.

Private developer agreements can also be used to formalise deferred development contribution payment agreements provided appropriate security is provided to Council's satisfaction.

3. Council Developments and Development Contributions

Council will pay Development Contributions on any Council commercial activity, except for activities that are listed in Appendix D, Table 2 "Schedule of Planned Projects with Capacity to Support Growth"

4. Goods and Services Tax (GST)

The total end-to-end process for calculation of Development Contributions is exclusive of GST. Once all the calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulations of the day.

5. Exemption - Boundary Adjustments

Where a consent is granted for a boundary adjustment, and no new titles are created, and no additional demand on services is created, Development Contributions will not be assessed.

6. Applications to Vary Consents or the Conditions of a Consent

Where applications are granted to vary consents or the conditions of consents which would result in change to household unit equivalents, gross floor

area or impervious surface area (to the extent of the variation), then these will be considered, to be the granting of new consents and a revised Development Contribution assessment will be issued.

7. Service Connections

Council will continue to collect service connection fees in accordance with current practice and the LGA 2002 for the following assets:

- Water supply connection
- Stormwater and land drainage connection
- Wastewater connection
- Vehicle crossing

These fees are separate charges to any applicable Development Contribution.

8. Development Contribution Policy Review

The Development Contributions policy will be reviewed at least every three years in parallel with the LTP cycle, or at shorter intervals if Council deems necessary, taking account of any changes:

- to the significant assumptions to the Development Contributions policy
- in policy as Council continues to develop and implement structure plans for the District.
- to the District Plan
- in the capital works programme for growth
- in the pattern and distribution of development in the District
- as a result of the regular reviews of the LTP
- in the cost indices used
- or addition of other activities supporting growth
- or other matters Council considers relevant
- in the growth projection data or development.

Appendix H: Timing, collection, payment and enforcement of the Development Contribution

1. General

Development Contributions will be calculated and invoiced at the earliest opportunity. Council recognises however that large subdivisions are likely to develop in stages. Council will, therefore, generally assess contributions at the subdivision consent stage.

1.1 Determination of Land use

When Council assesses a development contribution at subdivision consent stage, the expected dominant nature of activities authorised by any existing land use consent for the site and/or, in the underlying environment or zone, will determine the type of development contribution payable.

2. Payment of Development Contributions

Further recalculation of the development contribution payable will occur if payment is not received within twelve months of the issuing of the Development Contribution assessment.

Non-Residential Applications

Where an application for subdivision or land use consent is lodged with accurate information on the proposed GFA and demand (in HUEs) for Council services, the development contribution payable will be calculated and invoiced using the processes described in Section 4, Appendix E.

Where an application for subdivision consent is lodged in the absence of a land use consent, or where no information on the GFA proposed for each site is provided with an application for either subdivision or land use consent, it is difficult and impractical to calculate the demand created by the development in terms of HUEs. In this

circumstance Council will make an estimate of the likely GFA for calculation purposes, based on the maximum likely building coverage, e.g. normal industrial site coverage in Rotorua is 50%. Council recognises that it would be inequitable to charge the entire development contribution based on estimates. However, Council is also conscious that development contribution charges should not be unfairly passed on to future potential purchasers of subdivided sites.

The components of the development contribution charges applying are based on the maximum GFA potential of the site(s). At the time the subdivision or land use consent is issued 25% of the estimated development contribution payable will be assessed with a minimum payable of 1 HUE per activity. This 25%, or minimum 1 HUE assessment, will be payable prior to issuance of a s.224(c) certificate (RMA 1991).

Note the Development Contribution charges will be further assessed on all future developments on that site. The initial 25% Development Contribution will be treated as a credit.

3. Bonds

Bonding is available for Development Contributions over \$50,000 at the discretion of Council.

Bonds will:

- Only be accepted where the bond is guaranteed by a registered bank
- Be for a maximum period of 24 months, subject to later extension as agreed by Council.
- Have an interest component added, at an interest rate of 2 per cent per annum above the Reserve Bank official cash rate on the day the bond document is prepared. The bonded

sum will include interest, calculated on the basis of the maximum term set out in the bond document.

- Be based on the GST inclusive amount of the contribution.

If the discretion to allow a bond is exercised, all costs for preparation of the bond documents will be met by the applicant.

4. Enforcement Powers

If payment of a development contribution is not received Council will use the powers outlined in Section 208 LGA 2002. Those provisions state that until a development contribution required in relation to a development has been paid or made under Section 198, a territorial authority may:

- (a) in the case of a development contribution required under Section 198(1)(a):
 - Withhold a certificate under Section 224(c) of the RMA 1991.
 - Prevent the commencement of a resource consent under the RMA 1991.
- (b) in the case of a development contribution required under Section 198(1)(b), withhold a code compliance certificate under Section 95 of the Building Act 2004.
- (c) in the case of a development contribution required under Section 198(1)(c), withhold a service connection to the development.
- (d) in each case, register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

In addition, if an invoice remains unpaid, Council will follow its standard debt collection process.

Appendix I: Significant assumptions

Significant Assumptions

Throughout the entire process of determining Development Contributions the Council has used the best available information. As more accurate or up-to-date information becomes available it will be used.

Any significant updates that would cause a change to the contribution will be held over until the next review of the Development Contributions policy or Schedule at annual plan time. If the effect of the update would be to reduce the maximum contribution it may be introduced by simple notification.

1. Planning

A 10 year timeframe is being used as a basis for forecasting growth and applying a development contribution. This is consistent with Council's activity management planning horizons. Note however planning horizons for infrastructure may be beyond this period and influence the capital projected during the 10 year time frame.

2. Growth

Council has had to make the best assumptions it can regarding the anticipated growth of the District and these are still within the tolerance expected by the growth projections at the current level of available growth data.

3. Capital Works

In order to support the anticipated growth Council has assumed that a reasonable capital works programme will be necessary. If the growth rates alter it is most likely that the capital works programme will be re-sequenced rather than dramatically changed in some other way.

4. Third Party Funding

While these are subject to change over time, Council has assumed that the funding policies of agencies such as New Zealand Transport Agency will remain the same for the period of the LTP.

5. Interest Rates

The interest rates used within the Development Contributions Funding Model are those defined in the budget assumptions for the LTP. While interest rates are subject to fluctuation and are reviewed annually, these are reasonable assumptions over the periods of the LTP.

6. Key Risks/Effects

There is a risk that the growth and uptake predictions in the growth projections will not eventuate, resulting in a change to the assumed rate of development. However, modelling suggests that the impact of any change to the growth projections on the total development contribution charge for each HUE would be minor.

There is also a risk that the lag between expenditure incurred by Council and contributions received from those undertaking developments is different from that assumed in the funding model, and that the costs of capital are greater than expected. This would result in an increased debt servicing cost and could also result in increased depreciation costs for future ratepayers.

Council will continue to monitor the rate of growth and will update assumptions in the growth and funding projections as required.

Appendix J: Glossary of terms

Term	Meaning
Allotment	has the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991, Section 2.
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Base Units	The measure used for the demand of an average household unit for each service - refer to Appendix C
Catchment	Separate development contribution areas exist for each asset category. For some assets, e.g. transport, the development contribution area is District wide, for asset categories such as land drainage, water and wastewater development contribution areas are based upon existing service catchment areas as identified on the maps appended.
Commercial	Any activity, whether temporary or permanent, involving payment, exchange or other consideration. Means any activity involving commercial transactions, or providing commercial or administrative services, and includes, non-school activities, offices and banks; but excludes premises or activities involving industrial manufacture or production and retail trade.
Community Facilities	Network infrastructure, or community infrastructure for which Development Contributions may be required.
Community Infrastructure	Development of assets on land, owned or controlled by Rotorua District Council to provide public amenities.
Cost Allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.

Term	Meaning
Credits	Where Development Contributions or financial contributions for a particular property have previously been assessed and paid, credit will be given for the particular activity
Current Year	The current year is 2012 / 13
Development	A subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include the pipes or lines of a network utility operator). Includes activities that change the scale, character or intensity of any use of land.
Development Agreement	Any private agreement signed between a developer and Rotorua District Council.
Development Contribution	A Development Contribution is a payment from developers of money to fund the additional demand for community facilities created as a result of growth.
Financial Contributions	Financial contributions are provided for by the RMA and Council's Financial policy is set out in the District Plan. A financial contribution is a contribution from developers of cash, land, works, services or a combination of these. Financial contributions are used to offset or mitigate the adverse impacts on the natural and physical environment including utility services, of a new development.
Funding Model	The funding model ensures an equitable assessment of the funding requirements to support the Development Contributions regime. The primary output of the funding model is an accurate assessment of the required development contribution charges.
Funding Period	Not less than 10 years. Otherwise lesser of asset capacity life, asset useful life, or 25 years.

Development contributions policy

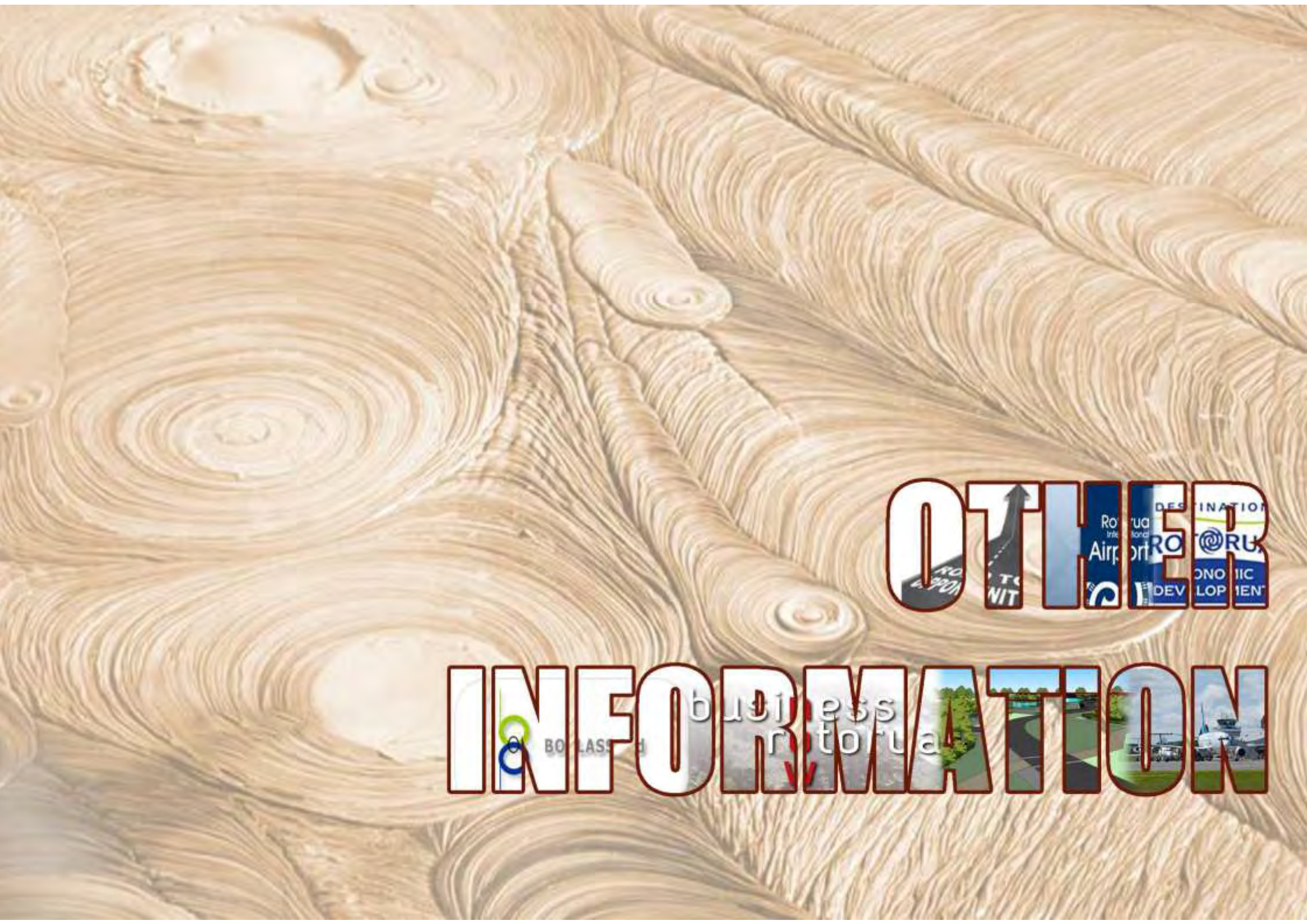
Term	Meaning
Gross Floor Area (GFA)	Gross Floor Area means the floor area of a building measured from the exterior faces of the outer walls and includes storage and processing areas, and roofed decks.
Growth Model	For each development contribution area the Council has determined the population changes anticipated as the District expands. These are reported as 'Household Unit Equivalents' (HUEs).
GST	Goods and Services Tax at the rate then applicable.
Household Unit Equivalent (HUE)	A type of 'unit of demand' that relates to the typical demand for Community Facilities by an average household/residential unit.
Industrial	Activities including associated land, infrastructure and buildings used for the manufacturing, fabricating, processing, packing or storage of goods, substances, energy or vehicles, and the servicing and repair of goods and vehicles whether by machinery or hand. Also means: <ol style="list-style-type: none"> a) any premises used for any industrial or trade purposes; or b) any premises used for the storage, transfer, treatment, or disposal of waste materials or for other waste-management purposes, or used for composting organic materials; or c) any other premises from which containment is discharged in connection with any other industrial or trade process. d) any activity where people use materials and physical effort to: <ul style="list-style-type: none"> ▪ Extract or convert natural resources ▪ Produce goods or energy from natural or converted resources ▪ Repair goods ▪ Store goods (ensuing from an industrial process).

Term	Meaning
Impervious Surface Area (ISA)	Area of impervious surfaces to be drained to the reticulated Land Drainage network. For the purpose of development contribution Impervious Surface Area (ISA) means the area of any site which is not capable of absorbing water and includes any area which: <ul style="list-style-type: none"> ▪ Falls within roofed area ▪ Is covered by decks ▪ Is occupied by swimming pools ▪ Is paved with a hard continuous surface with a run-off coefficient of greater than 0.45.
Level of Service (LoS)	The standard of service provision for each asset.
LGA 2002	Local Government Act 2002
Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
LTP	Long Term Plan (also referred to as the Ten Year Plan)
Network Infrastructure	The provision of roads and other transport, water, wastewater and stormwater collection and management.
New Growth / New Expenditure	Relates to the growth demand and planned costs in the ten years from the current year.
Non-residential Development	Any development that falls outside the definition of residential development in this policy.
Past Growth/Past Expenditure	Relates to growth capacity and cost that has been provided by past expenditure. In terms of cost it relates to actual costs incurred in past years – including the current year. In terms of demand it relates to the provided capacity for the period between implementation and the current year.
RMA 1991	Resource Management Act 1991

Term	Meaning
Reductions	A reduction is an adjustment to the HUEs assessed for a consent application. A reduction will only be considered as part of a review requested by an applicant.
Remissions	A remission is an adjustment to the scheduled charged for a particular activity and catchment as a percentage or in dollar terms. Remissions will only be invoked as a resolution of Council.
Renewals	That portion of project expenditure that has already been funded through depreciation of the existing asset.
Residential Unit	A dwelling or residential unit is defined as a self-contained building which has a bathroom and kitchen. The bathroom will include a toilet, bathing facilities (shower or bath). A kitchen will have a sink (includes any dwelling house, apartment, flat, home unit or townhouse or papakaianga housing on ancestral land or residential village unit).
Retail	The use of land, a building or parts of a building where goods are sold or displayed for sale, by retail, or are offered for hire
Rural	Rural is deemed to have the same definition as rural environment in the District Plan.
Service Connection	A physical connection to a service provided by, or on behalf of Rotorua District Council.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Working Day	Any day that trading banks are open for business in the city of Rotorua.
Wet Industry	A water intensive industry that uses significant volumes of water which exceeds average design units, both water and wastewater, as part of the industrial process.

OTHER

INFORMATION



Council organisations and council controlled organisations

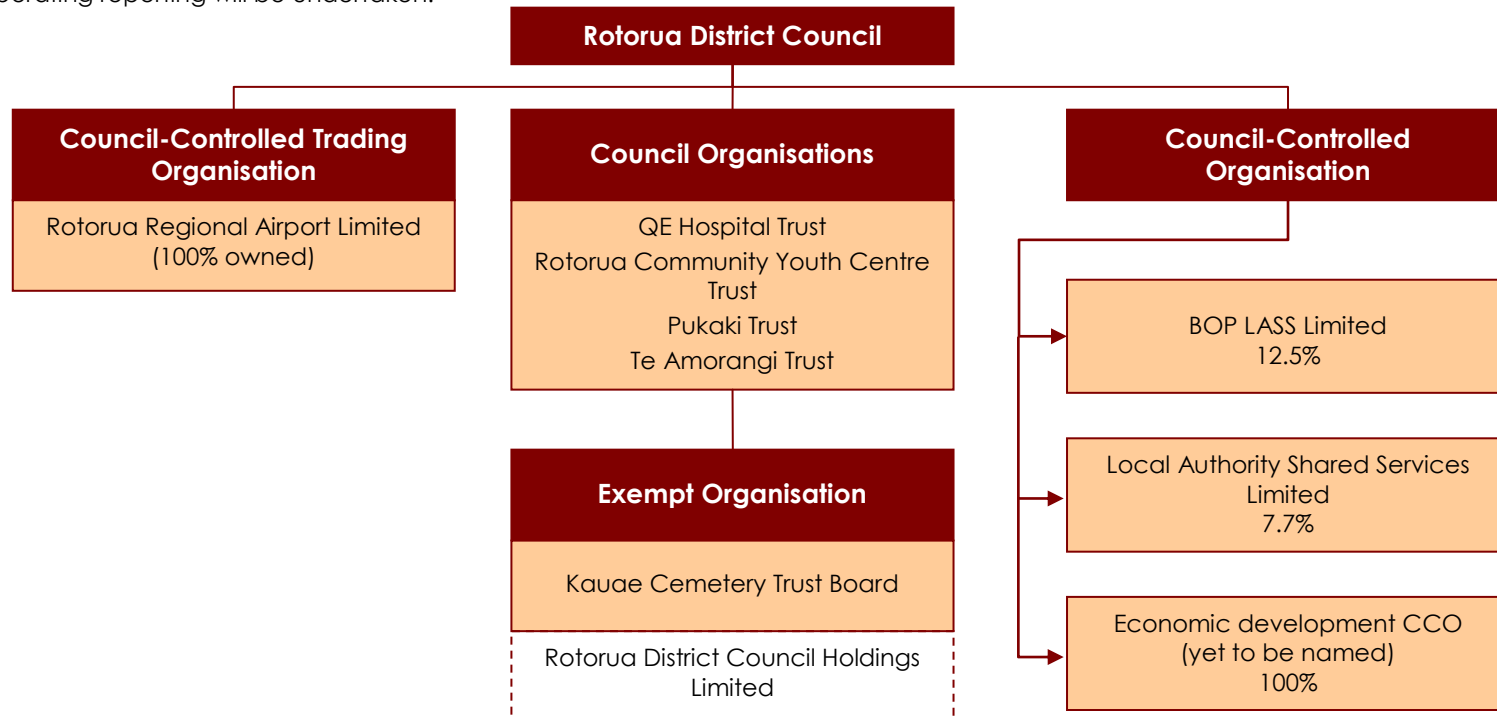
There are a number of organisations where Council has the right to appoint a representative and/or has a shareholding. Under the Local Government Act these organisations are defined as Council Organisations (COs), Council-Controlled Organisations (CCOs) and Council-Controlled Trading Organisations (CCTOs).

These organisations assist Council in achieving its goals and meeting the needs of the Rotorua community. Those appointees to the organisations have the necessary skills, knowledge, and experience to take on their respective tasks. Council has a policy on the appointment of Directors to assure this is the case.

Where Council is involved with a CCO or CCTO, it must provide further information in the Long-term Plan. The three organisations in this category are the Rotorua Regional Airport Limited, the Waikato Region's Local Authority Shared Service Limited (LASS) and Bay of Plenty Regions BOPLASS Limited. Further information about these organisations is provided in this section of the plan.

In addition Council recently resolved to establish a council controlled organisation to drive implementation of the Rotorua Sustainable Economic Growth Strategy.

In 2010, Council established a holding company to provide a vehicle for any joint venture/partnerships with private companies. To date, no arrangements have been established and Council will shortly be resolving to exempt this entity from statutory reporting requirements, because it is currently not operating. When it begins operation, normal operating reporting will be undertaken.



Introduction

Rotorua Regional Airport Limited –

- is a limited liability company pursuant to the Companies Act 1993.
- is a Council-controlled Trading Organisation pursuant to Section 6 Local Government Act 2002.

On 31 July 2002 Rotorua District Council purchased the 50% shareholding in RRAL held by Central Avion Holdings Limited. The Council now holds 100% of the shares in RRAL.

During the 2004-2005 financial year the Infrastructure assets of Rotorua Regional Airport Limited were transferred to the Rotorua District Council. RRAL remains the airport operating company leasing the assets from the company's sole shareholder, Rotorua District Council.

The Rotorua District Council is responsible for the ongoing capital development of the Airport. The operating company's (RRAL's) goals are primarily concerned with optimising the use of the infrastructure.

Mission Statement

"A user friendly, attractive airport 'hub' which meets the regional need for domestic and trans-Tasman airline services and is a safe, commercially viable operation optimising the social and economic benefits to the community shareholder."

Goals/Objectives

- Meet the airport needs of the district and region
- Maintain an effective working relationship with the shareholder and landlord
- Meet the needs of the community for growth in aircraft movements and passenger numbers
- Maintain international status
- Operate company as a 'stand alone' commercial business
- Optimise net earnings potential for reinvestment in airport development
- To increase the gross revenue from all aspects of the business
- Mitigate adverse effects caused by airport operations and development
- Maintain a safe, secure airport facility
- Provide for general aviation activity consistent with primary purpose of providing for airline passenger services
- To act as a good employer by providing equal employment opportunities, good and safe working conditions and opportunities for individual career development for all employees

Governance

The board has adopted the following governance objectives:

- Approve Corporate Strategy and direction, laying down solid foundations for management and oversight;
- Structure itself to utilise the expertise of Directors to add value
- Promote ethical and responsible decision-making
- Safeguard the integrity of its financial reporting and make timely and balanced disclosure
- Respect the rights, and recognise the legitimate interests of stakeholders

Nature and Scope of Activities

The primary nature and scope of activities for the company is to operate an airport at Rotorua.

These activities include:

- Retaining the Civil Aviation Authority Aerodrome Operator Certificate by abiding by the laws and requirements outlined in the Civil Aviation Act.
- Operating a facility suitable for the required use of the public in a safe, lawful and efficient manner.

Over the next three years the company will actively pursue opportunities for passenger and revenue growth. RRAL will endeavour to present the airport facility for all users at a standard which residents and ratepayers can be proud of.

Disclosure statement

The council has not given any guarantee, indemnity, or security in respect of the performance of any obligation by a CCTO.

The Council has not provided financial assistance to a Council Controlled Trading Organisations (CCTO) on terms more favourable than it could borrow.

Table 1: Financial forecasts

Year ending 30 June:	2013	2014	2015
Total revenue	2,644,337	2,968,871	3,323,713
Total expenses	2,594,337	2,933,871	3,253,713
Surplus / deficit before tax	50,000	35,000	70,000
Provision for tax	0	0	0
Surplus / deficit after tax	50,000	35,000	70,000
Term debt	0	0	0
Total assets	2,007,352	2,042,352	2,112,352
Total shareholders' funds	2,007,352	2,042,352	2,112,352

Performance Targets

	2013 Plan	2014 Plan	2015 Plan
a. Aircraft			
Aircraft movements	8,500	8,600	9,000
b. Passengers			
Domestic	212,578	256,088	264,917
International	24,960	37,132	39,393
Total passengers	237,538	293,220	304,310
Total operating revenue per passenger	\$11.13	\$10.13	\$10.92
Aeronautical revenue per pax	\$8.69	\$8.08	\$8.28
Commercial revenue per pax	\$2.44	\$2.03	\$1.87
NPAT per passenger	\$0.21	\$0.12	\$0.21
Funds to RDC per passenger	\$2.74	\$3.17	\$3.70
Ratio of aeronautical revenue to total revenue	78.08%	79.92%	81.58%

Local Authorities Shared Services Limited (Waikato)

Introduction

LASS as a Council-Controlled Organisation by way of a company, in which each local authority will have a single share. This company will be used as an umbrella for current and future development of shared services through the Region.

Share Holders

Local Authority Shared Services Limited is jointly owned by the 13 local authorities of the Region, being: Waikato Regional Council (Environment Waikato), Hamilton City Council, Franklin District Council, Hauraki District Council, Matamata-Piako District Council, Otorohanga District Council, Rotorua District Council, South Waikato District Council, Taupo District Council, Thames-Coromandel District Council, Waikato District Council, Waipa District Council and Waitomo District Council.

Council Policies and Objectives Relating to CCOs

While Council does not have any significant policies or objectives about ownership and control of the company, the establishment of the company, "Local Authority Shared Services Limited" was subject to public consultation as part of the 2004 Ten Year Plan. However, Council does consider that LASS Limited provides the opportunity for undertaking shared services with the member councils that will be for the benefit of its ratepayers. Council has a Policy on the Appointment and Remuneration of Directors.

The Constitution of Local Authority Shared Services Limited sets out the principles according to which the company will be operated and governed. This includes shareholders rights and the appointment of directors. The annual Statement of Intent identifies the activities and intentions of the

Company for the year and the objectives to which those activities will contribute.

Company Objectives

The objective of the company is to provide local authorities of the Waikato Region with a vehicle to develop shared services and provide them to local authorities.

Nature and Scope of Activities

The principle nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato Region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the Region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced cost.
3. Give consideration to developing shared service products which a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case.

The initial product developed is a shared valuation database. It is envisaged that the company will continue to develop new products to be made available to the local authorities within the Waikato Region.

Performance Targets

The Performance Targets are:

- The company will carry out an annual survey of shareholders to assist the Directors in developing improvements on behalf of the shareholders, and to receive a majority of shareholder approval on the service provided.
- Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.
- The company maintains an overall positive cashflow position.
- The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.
- There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.
- That SVDS is available to users at least 99% of normal working hours.
- That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.
- All capital enhancement development work is supported by a business case approved by the Advisory Group.
- That all required modelling reports are actioned within the required timeframe.
- That a full report on progress of the model be provided to the LASS Board twice each year.
- In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.

Local Authorities Shared Services Limited (Waikato)

Directors

The current directors of Local Authority Shared Service Limited are noted below:

Director	Position	Director appointed by
Gavin Ion (Chair)	Chief Executive, Waikato District Council	Waikato District Council
Peter Guerin	Chief Executive, Rotorua District Council	Rotorua District Council
Chris Ryan	Chief Executive Officer, Waitomo District Council	Waitomo District Council
Bob Laing	Chief Executive, Waikato Regional Council	Waikato Regional Council
Langley Cavers	Chief Executive, Hauraki District Council	Hauraki District Council
Barry Harris	Chief Executive, Hamilton City Council	Hamilton City Council
David Hammond	Chief Executive, Thames-Coromandel District Council	Thames-Coromandel District Council
Garry Dyet	Chief Executive, Waipa District Council	Waipa District Council
Don McLeod	Chief Executive Officer, Matamata-Piako District Council	Matamata-Piako District Council
David Hall	Chief Executive, South Waikato District Council	South Waikato District Council
Rob Williams	Chief Executive Officer, Taupo District Council	Taupo District Council
Dave Clibbery	Chief Executive Officer, Otorohanga District Council	Otorohanga District Council

Disclosure statement

A contract is in place between Council and the CCO for the supply of a Shared Valuation Database Service (SVDS) and this activity is specified in the SOI.

Background

Rotorua District Council has a one-eighth shareholding in BOPLASS Limited, a company formed in October 2007 to support councils operating in the Bay of Plenty. Its purpose is to investigate, develop and deliver shared services and communications, where that can be done more effectively.

Objectives and Benefits relating to BOPLASS

BOPLASS initiates services where a business case shows potential benefit to council users through improved levels of service, reduced costs, improved efficiency or increased value from innovation. The benefits of this CCO are:

- Improved levels and quality of service.
- A coordinated and consistent approach to provision of services.
- Reductions in cost of support and administrative services.
- Opportunities to develop new initiatives.
- Economies of scale for procurement from a single entity representing a number of councils.

Governance

BOPLASS Ltd operates in accordance with its constitution, its annual Statement of Intent, provisions of the Companies Act 1993 and the Local Government Act 2002.

The company is governed by its directors, who are also the chief executives of their respective council shareholders.

Currently they are:

Shareholder	Director
Bay of Plenty Regional Council	Mary-Anne Macleod
Gisborne District Council	Lindsay McKenzie
Kawerau District Council	Russell George
Opotiki District Council	Aileen Lawrie
Rotorua District Council	Peter Guerin
Taupo District Council	Rob Williams
Tauranga City Council	Ken Paterson
Western Bay of Plenty District Council	Glenn Snelgrove
Whakatane District Council	Marty Grenfell

The Board can appoint up to three professional directors to supplement the expertise of the councils' chief executives.

Nature and Scope of Activities

BOPLASS was established to achieve cost savings for Councils in the region by sharing/bundling various services. To this end the Statement of Intent 2012-2013 for BOPLASS identified the following feasibility studies to be undertaken for shared services:

- GIS;
- Rates Collection;
- Joint software support;
- Provision of Ultrafast Broadband services between Councils (CRNP);
- Facilitation of regional broad band services in the start up or incubation phase;
- Asset Management;
- Web services;
- E- Purchasing;
- Business continuity;
- Payroll;

- Telephony platform;
- Consents Processing;
- Information Services as a foundation for shared services.

To date there has been moves to establish a subsidiary company to facilitate regional broadband services.

The expectation is that once more shared service projects are approved by directors there will be further investment required from each investing council and consequently more shares issued.

Performance Targets

The Performance Targets are:

- Initiate at least one shared service each year and no less than two shared services successfully implemented within three years;
- Implement Shared Services demonstrating best practice and added value to participating councils and stakeholders;
- Investigate a minimum of four Joint Procurement initiatives per year for goods and services from sources offering best value, service, continuity of supply and or opportunities for integration.
- Communicate with each shareholding council at appropriate levels with at least one meeting with each Executive Leadership Team per year;
- Ensure sufficient income is available from activities to sustain a viable company.

Disclosure statement

A contract is in place between Council and the CCO for the supply of a number of services and goods. This includes:

- Aerial photography
- Provision of Ultrafast Broadband services between Councils (CRNP).

Background for economic development CCO

Setting up a CCO for economic development means appointing a board of independent people from outside of the council. They will take on responsibility for driving the Rotorua Sustainable Economic Growth Strategy's implementation and will work in close partnership with the council which will fund the majority of the services provided by the CCO in accordance with the CCO's statement of intent.

Five directors have been appointed, with a further two directors yet to be appointed. The five directors are:

John Green (chairman)
Dr Warren Parker
Jane Nees
Michael Barnett
Tony Marks

The district's Sustainable Economic Growth Strategy sets the direction for Rotorua's future economic progress and is a major focus for the council over the next few years.

The growth strategy aims to achieve three key outcomes which contribute to realisation of the district vision of 'Rotorua: Living the dream – world Class in Every Way'.

Over the next five years the three broad priorities will be to boost the reputation of Rotorua, to lift the performance of the local economy, and to raise living and skills standards.

Disclosure statement

A contract will be established between Council and the CCO for the supply of a number specific services. These services and the contractual arrangements are specified in the statement of intent.

REPORT OF

AUDIT NEW ZEALAND
Munio Aritak Auteiroa
AUDITOR-GENERAL

Independent Auditor's Report

To the readers of Rotorua District Council's Long-Term Plan for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Rotorua District Council (the District Council). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to report on the Long-Term Plan (LTP), on her behalf. We have audited the District Council's LTP dated 29 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

Opinion

Overall Opinion

In our opinion the District Council's LTP dated 29 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on specific matters required by the Act

In our view:

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 29 June 2012. This is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 : Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the District Council's LTP. We consider internal control 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's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;

- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the report to readers of the Long-Term Plan

This audit report relates to the Long-Term Plan of Rotorua District Council for the ten years commencing 1 July 2012 included on the Council's website. Rotorua District Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of Rotorua District Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 29 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Matters relating to Rotorua District Council's adopted amendment to the LTP subsequent to this report.

This report dated 29 June 2012 relates to the Long Term Plan (the LTP) for the 10 years commencing 1 July 2012, approved by the District Council on 29 June 2012. Subsequent to this, the District Council adopted an amendment to its LTP for the 10 years commencing 1 July 2012 to sell Airport assets which is a significant asset under the District Council's Significance Policy to Rotorua Regional Airport Limited, a 100% owned subsidiary of the District Council on 28 May 2015. The District Council has not prepared an amended LTP that incorporates the amendment adopted on 28 May 2015. Consequently, to form a view of the LTP of the District Council, the content of the LTP to which this report relates should be considered in conjunction with the District Council's adopted amendment. There is no legislative requirement for us to report on the adopted amendment and we have not done so.

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