



Annual Report **2021**

ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua



Progress & Highlights 2020/21

- ☀ Council adopted 2021-2031 Long-term Plan to address unprecedented challenges and move the district forward
- ☀ Establishment of Emergency Housing Taskforce-cross government collaborative approach
- ☀ Climate Action Plan adopted
- ☀ Homes and Thriving Communities Strategy completed and adopted
- ☀ Lakefront stages opening and cultural foundation funding obtained
- ☀ Forest work completed
- ☀ Aquatic centre 50m pool refurbished
- ☀ Completion of the LED streetlight replacement programme leading to lower maintenance and power costs
- ☀ Securing funding for “shovel ready” projects and commencement of transport and stormwater projects to support developments in Eastside
- ☀ Completion of additional water supply reservoir at Kaharoa
- ☀ Godzone Event
- ☀ Playground renewals
- ☀ Waikawau Reserve Management Plan partnership
- ☀ The Bike Ready cycle skills training programme was delivered to over 2,600 throughout the year (primarily in schools)
- ☀ Implementation of Innovating Streets trial project in streets around Lynmore School has already seen speed reduction on both Owhatiura Drive and Larcy Road, people reporting feeling safer crossing roads and 25% of those surveyed are walking or biking to school more and further than before
- ☀ \$5 million dollar funding provided by Crown Infrastructure Partners for Eastside connectivity projects. Work underway on Vaughan Road and Wharenui Rd, including forest shared paths
- ☀ Alcohol impairment education provided to over 150 people, with 96% of attendees not re-offending since the course
- ☀ Rotorua Museum Te Whare Taonga o Te Arawa granted \$4.1 million funding

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He Mihi Welcome

E ngā ihi

E ngā wehi

E ngā reo kōrero o te ao

Tēnā koutou katoa

To Inner Strength

To Internal Wonder

*To the many languages
across the world*

We greet you.



Te Ngako o tēnei Pūrongo

About this report

This annual report covers the performance of Rotorua Lakes Council Group for the period 1 July 2020 to 30 June 2021.

Rotorua Lakes Council Group includes the council organisation and council-controlled organisations (CCOs).

The report reflects success and the challenges that Council has faced in delivering against year three of the Long-term Plan 2018-28 and our progress against Rotorua Vision 2030. It also includes a snapshot of our performance (both highlights and challenges), our progress and expenditure.

The group is required by legislation to produce both a summary annual report and a full annual report.

Audience for this report

This report is intended to provide important information to a broad range of stakeholders including the Rotorua community, local businesses, non-government organisations, Council partners and other government departments and agencies.

It also provides the staff of the Rotorua Lakes Council with information on how well we have performed over the year and how their efforts have contributed towards achieving the vision.



He kupu nā te Manukura Mayor's Message

E ngā iwi puta noa i tō tatau rohe o Rotorua, Tēnā tatau.

I am pleased to present the Rotorua Lakes Council Annual Report (report) for 2020/21. This report rounds out year three of the Long-term Plan 2018-2028 and is also my last, having announced in July that I shall retire as Mayor of our wonderful district at the next election in October 2022.

Leading into election 2022, Council have been faced with and are working on how the people of Rotorua should be represented by the leaders of the district. A key consideration to this review was the decision made in May 2021 to establish a Māori ward. The recommendation came from Te Tatau o Te Arawa, the board established to give effect to the Council's partnership with Te Arawa. This followed consultation with Te Arawa, resulting in support for establishing Māori wards. Finalisation of the review will be completed by April 2022, in preparation for the election period (July to October 2022).

The only constant presently for local government appears to be the requirement to work with change. Reform is the order of the day and all these reforms will have a major impact upon how Council's across the country will operate, lead and serve their communities going forward. Whilst not a lot of direction or certainty is available yet, our Council must stay on top of these reform topics including local government reform, Resource Management Act reform and the Three Waters reforms.

And just when the district felt that the COVID-19 pandemic had been put behind us, COVID Delta reared its head. The severity of the Delta strain and the race to reach adequate vaccination rates has made us all rethink the way we do business, interact with one another and focus on key priorities.

In a turbulent period of the world's history, our district has managed to do some great things. A highlight has been the progress of transformational projects, including completion of the new memorial plaza at the Lakefront and opening of the Lakefront boardwalk, the 50-metre pool redevelopment at the Aquatic Centre, installation of Te Ahi Tupua, and the opening of Moerangi Forest entrance Te Pūtaki o Tawa to name but only a few. These projects strongly support our commitment to community wellbeing- economic, social and cultural.

We have not lost sight of our greatest challenge; our housing crisis. We are proud of the way our district has worked together to ensure that Central Government is not only well appraised of our challenges, but is joining us at our table to assist with solutions that are designed for Rotorua by Rotorua.

This collaboration has resulted in managed and supported accommodation being made available to our most vulnerable, our children, our mokopuna, Placing families in like-minded accommodation while efforts continue to build more housing. Families are not here by choice. Market failure in the housing sector, a lack of development over multiple decades and over-complicated resource management act requirements are all factors that have contributed to what is now mission critical for the district and our future housing needs.

Everybody agrees that the current motel type accommodation is not the long-term solution for housing. We need safe, suitable homes for people, for whānau, and that is what we need to really focus on from here. These first steps are the building blocks to addressing the long-term housing pipeline challenges that we need to solve here in Rotorua and I will continue to strongly advocate and work with the Government to gain those solutions for our community. Working in partnership has been and will remain the way to get this done.

Furthermore, Council has managed to secure \$55m funding for Rotorua to support iwi housing aspirations and the District's economic recovery. This significant funding for roading improvements and infrastructure will help to unlock land for housing. This is a big boost towards positive outcomes for our District- it will help stimulate the local economy by providing work and jobs and will enable progress towards much-needed housing, strongly supporting Rotorua's Build Back Better economic recovery. The funding will enable a series of intersection upgrades along Te Ngae Road and stormwater construction that will also support Ngāti Whakaue Tribal Lands' plans for housing at Wharenui Road.

The ongoing investment in Rotorua shows confidence in our District and highlights the value of not only having a cohesive vision and direction that we have stuck to, but also of our concerted efforts to have genuine relationships and partnerships with Central Government and key stakeholders like iwi. These are key to confidence in our District and what we are trying to achieve.

Through the efforts of many, I am proud to say that the Council is in a good position; supported by a strong framework of key strategic plans and partners, who are working together to help us achieve the goals of the Rotorua 2030 Vision.

I would like to thank and acknowledge Chief Executive Geoff Williams and his staff for their ongoing hard work and dedication to making a difference for our community.

I also thank my fellow elected members – councillors, community board members and Te Tatau o Te Arawa, for their ongoing support and commitment to achieving the aspirations of our District.

Mā te mahi tahi, kia tutuki ai ngā moemoeā. Working together, we can achieve our aspirations.



Hon Steve Chadwick JP

Rotorua Mayor



Mai i te toihautū CE's Review

Ngā mihi manahau.

I am very proud of our organisation; it has been a very challenging year and yet despite all of those challenges our staff continue to deliver exceptionally high results, to challenge and to evolve the way Council operates, and to demonstrate ongoing resilience and adaptability.


COVID and the emergence of the Delta strain has really tested the way the organisation operates and the way in which we must support the increased expectation for Council to show a strong leadership role in meeting our community's needs.

It is difficult to capture all of what our organisation has achieved in this challenging year and to do justice to all of the progress. However I do have a few key milestones that stand out, highlighting the depth and breadth of our organisation's efforts to strive for Rotorua to be the place of choice for our people, to live, work, play and invest.

This year Council signed an agreement with CNI Holdings Limited and Te Arawa Lakes Trust (TALT) to work together to determine a new long-term solution for discharge of wai tātari (recovered wastewater). As a result of the agreement, approval was sought from the Environment Court to withdraw current consent applications relating to the proposed upgrade of Rotorua city's wastewater treatment plant, and proposed discharge of wai tātari to Te Rotoruanui-a-Kahumatamomoe (Lake Rotorua) via a culturally designed land contact bed. In the meantime, CNI has generously offered the temporary use of a set area of land within Whakarewarewa Forest, while work continues towards developing a long-term solution that will not include use of the forest land.

Rotorua does not sit on its hands and wait for a solution to land, we drive tenaciously towards achieving solutions that are best for Rotorua. This has been evidenced through our collaboration with Central Government in the formation of the all-of-government taskforce to better manage the emergency housing situation. The subsequent roll out of managed and supported motels has assisted families into temporary accommodation whilst longer term solutions, such as fixing the housing shortage, are developed.

We also commenced reviewing the way a future council can be established. This started with the introduction of a Māori ward and the subsequent representation review.



This piece of work is still underway. In working towards a model that is fit for purpose for Rotorua we have run up against barriers created by the existing legislative framework of the Local Electoral Act. We are pursuing a local bill, and if successful it will grant Rotorua the right to implement a representation model based on the principles of the Rotorua Township Agreement and Te Tiriti o Waitangi.

Since 2015 we have been making significant improvements to the District's infrastructure including how key network infrastructure is delivered sustainably into the future. A key decision made back in July 2020, was to enter into a 10-year collaborative contract with a consortium for the delivery of our wastewater services. With the goal to ensure a stable, reliable and safe network, Council agreed to contract a consortium for the provision of wastewater related services, including operation of wastewater treatment plants and network maintenance and renewal. This provides certainty for our community; certainty of delivery; and quality and maintenance of the District's wastewater services network.

Another highlight was the adoption of our Climate Action Plan in February 2021. The Climate Action Plan sets out a range of targets and actions to address climate change for the Rotorua District. The aim is to ensure Rotorua is well placed for national changes towards a low carbon economy, and to ensure our community is resilient and able to adapt to climate changes that may be unavoidable. Many Council actions relate to infrastructure and are already underway. The plan identifies actions we can take to mitigate (reduce) the emissions created in our District and proposes emissions reduction targets.

The setting of the Council's key priorities in the Long-term Plan 2021-31, (housing, community safety, economic development, climate and resilience, and infrastructure) has set the direction for the organisation's delivery going forward. All aspects of the Council operations have been aligned to the key priorities by way of setting clear outcomes to progress.

These are unprecedented times and I want to thank the staff for their efforts in readying themselves and our organisation to support our communities through our essential services and the work we have continued to deliver from both our offices and homes. My special thanks to Mayor Chadwick and the elected members who have worked tirelessly to represent the views of the community.

I look forward to the new challenges that await us in the coming year as the world looks a little different, yet again, with mandated vaccines and vaccines passes.

Despite needing to change how we work, we will remain focused on working with our community and partners to ensure the Rotorua Vision is achieved.



Geoff Williams

Chief Executive

Manu Mātārae Elected Members

Our council



Rotorua Lakes Councillors

From left to right: Hon Steve Chadwick - Mayor of Rotorua, Deputy Mayor Dave Donaldson QSM, Cr Peter Bentley, Cr Sandra Kai Fong, Cr Raj Kumar, Cr Reynolds Macpherson, Cr Trevor Maxwell MNZM Cultural Ambassador, Cr Merepeka Raukawa-Tait, Cr Tania Tapsell, Cr Fisher Wang, Cr Mercia Yates.



Rotorua Lakes Community Board

From left to right: Phill Thomass (Chair), Nick Chater (Deputy Chair), Sandra Goodwin, Jennifer Rothwell, Cr Tania Tapsell.



Rotorua Rural Community Board

From left to right: Shirley Trumper (Chair), Ben Hollier (Deputy Chair), Bryce Heard, Sarah Revell, Cr Fisher Wang

Te Tatau o Te Arawa Te Arawa Partnership Board

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

Te Tatau o Te Arawa is the board which represents the collective interests of Te Arawa under the Te Arawa partnership agreement with Rotorua Lakes Council. The board of trustees comprises 14 members, representative of a cross section of Te Arawa stakeholders including koeke (elders), Ngāti Whakaue, Te Arawa iwi and hapū, land trusts and incorporations, pan-Te Arawa entities and rangatahi (youth).



Te Tatau o Te Arawa

From left to right: Te Taru White (Chair), Rawiri Waru (Deputy Chair), Eugene Berryman-Kamp, Potaua Biasiny-Tule, Aroha Bray, Eraia Kiel, Te Mauri Kingi, Danielle Marks, Gina Mohi, Dr Kēpa Morgan, Kiri Potaka-Dewes, Geoff Rolleston, Rangitiaria Tibble, Kahutapeka Ututaonga

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

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

Te Arawa and Council committed to the following goals:

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

Assist Te Tatau to:

- achieve a Te Arawa 2050 Vision;
- support the council to grow its capacity and capability to effectively and meaningfully engage with Te Arawa hapū and iwi; and
- realise opportunities (that arise from time to time) that both parties agree are mutually beneficial.

Assist Council with its decision-making and other processes, exercise of functions, and exercise of powers by meeting five objectives:

- help Council meet its Rotorua 2030 commitment to effectively partner with Te Arawa;
- improve the delivery of Council's legal and statutory obligations to Māori;
- strengthen Te Arawa's participation in Council decision-making;
- identify strategic opportunities to work closely together for the betterment of the Rotorua district; and
- build iwi capacity and capability to partner with local government.

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

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

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

Tirohanga Whakamua 2030

Vision 2030

Koinei tō tātau kāinga. Ko tātau ōna tāngata.

Nā tātau tonu i ora ai te ahurea

Māori me ōna āhuatanga katoa.

*He iwi auaha tātau e tuku nei i tā tātau
e ako nei.*

E kokiri nei tātau i te angitu,

i te hihiri me ngā rerekētanga maha.

*E kaha tautoko nei tātau i whakapūmautanga
o te taiao.*

Mō te katoa a Rotorua...Tatau tatau

This is our home, we are its people.

*We're the heart of Te Arawa and a centre for
Māori culture and expression.*

We're innovative and we share what we learn.

*We're driving opportunity, enterprise
and diversity.*

*We're supporting a legacy of sustainability
for our environment.*

Rotorua is a place for everyone.

Tatau tatau - We together.

Created in 2013, the District's long-term vision created an enduring pathway for the Rotorua District, driving everything we do as we work with our community to achieve a positive future. It followed a call for change to ensure the growth and development of the District and established long term goals as well as setting the direction for council work, services and planning.

A refresh following the 2016 elections, 'The Rotorua Way', reflected the need to continue to develop the Rotorua District in a way that responds to growth but at the same time retains and works to enhance the unique character of our place that is special to us all.

A focus on what makes Rotorua special – the District's active environment, our strong Te Arawa culture and manaakitanga, the fantastic lifestyle we can enjoy and the diverse economic opportunities that exist here – highlight areas for opportunities and transformational change that point us towards achieving the goals of the vision.

Vision 2030 and the Long-term plan

The Long-term Plan 2018-2028 is our funding and delivery plan, setting out how we will deliver and fund what we have set out to achieve. The Council's commitment to the community is to deliver services and projects that contribute towards the vision in a financially prudent way. The challenge is to balance affordability in the present while meeting the demands for future progress.

People
Culture
Place

Vision 2030 and community outcomes

Our community outcomes are our vision 2030 goals.



He hāpori pūmanawa | A resilient community

Inclusive, liveable and safe neighbourhoods give us a sense of place; and confidence to be involved and connected



Kāinga noho, kāinga haumaruru | Homes that match needs

Quality, affordable homes that are safe, warm, and available



Papa whakatipu | Outstanding places to play

Recreation opportunities are part of our lifestyle; connecting us, transporting us and surrounding us



Waahi pūmanawa | Vibrant city heart

Our inviting and thriving inner city reflects our unique heritage and lakeside location



Whakawhanake pākihi | Business innovation and prosperity

We boast a diverse and sustainable economy energised by our natural resources and innovative people



He huarahi hou | Employment choices

We are a prosperous connected community; growing our education, training and employment opportunities



Tiakina to taiao | Enhanced environment

We are known globally for our clean, natural environment, air quality and healthy lakes

Te Mana Kaunihera

How we govern

Delegating decision-making

Councils make lots of decisions. Ensuring that decisions are made at the appropriate level is vital to ensure the efficient and effective operations of local government.

Councils have broad powers of delegation, as described in clause 32 of Schedule 7 of the Local Government Act 2002. Other Acts also contain powers of delegation, although these are specific to the particular powers in those Acts, such as the Building Act 2004. Certain decisions however, must be exercised by the full council and cannot be delegated.

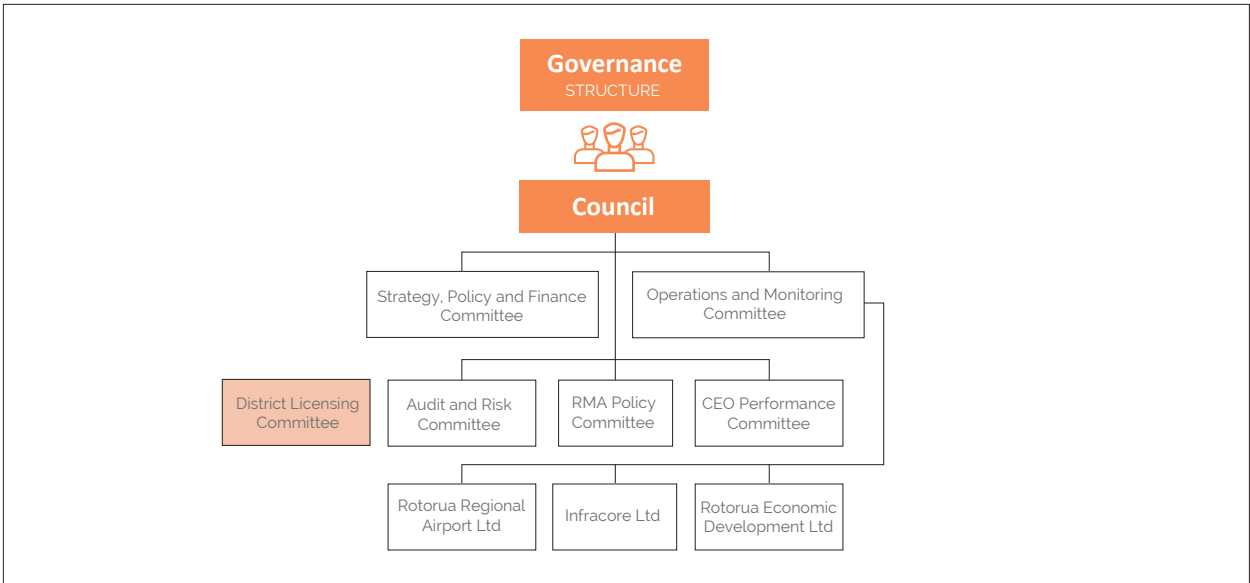
These include:

- the power to make a rate
- the power to make a bylaw
- the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan
- the power to adopt a long-term plan, annual plan, or annual report
- the power to appoint a chief executive
- the power to adopt policies required to be adopted and consulted on under the LGA 2002 in association with the long-term plan, or developed for the purpose of the local governance statement; and
- the power to adopt a remuneration and employment policy

Fourteen Council meetings were held in the financial year to 30 June 2021. Attendance at Council, Strategy Policy and Finance and Operations and Monitoring Committee meetings are listed in the table below.

| Councillor attendance | Council meetings attended (Including Zoom Meetings) | | Council Committee meetings attended | |
|--------------------------------|--|------|-------------------------------------|-------|
| | Number | % | Number | % |
| Hon Steve Chadwick- Mayor | 13 | 93% | 21 | 87.5% |
| Cr Dave Donaldson Deputy Mayor | 14 | 100% | 24 | 100% |
| Cr Peter Bentley | 12 | 86% | 21 | 87.5% |
| Cr Sandra Kai Fong | 14 | 100% | 24 | 100% |
| Cr Raj Kumar | 13 | 93% | 21 | 87.5% |
| Cr Reynold Macpherson | 14 | 100% | 22 | 92% |
| Cr Trevor Maxwell | 14 | 100% | 23 | 96% |
| Cr Merepeka Raukawa-Tait | 13 | 93% | 21 | 87.5% |
| Cr Tania Tapsell | 11 | 79% | 20 | 83% |
| Cr Fisher Wang | 14 | 100% | 24 | 100% |
| Cr Mercia Yates | 14 | 100% | 24 | 100% |

2020/21 Committee Set-Up



Strategy, Policy and Finance Committee

Chairperson: Cr Raukawa-Tait

Deputy Chairperson: Cr Kai Fong

Members: The Mayor and all councillors, 2 Te Tatau o Te Arawa members, 1 Lakes Community Board member, 1 Rural Community Board member

The purpose of the Strategy, Policy and Finance Committee is to have oversight and make recommendations to the Council on the adoption and development of all Council’s strategic, policy, planning and regulatory frameworks.

The Committee’s function is recommendatory only. The Committee does not have the delegated authority to make decisions for and on behalf of the Council. All matters requiring a decision of Council must be referred, by way of recommendation, to the Council for final consideration and determination.

In the event that the Council resolves not to approve or adopt a Committee recommendation, the item shall be returned to the Committee via the Chief Executive for review and subsequent referral to the Council for further consideration and determination.

Operations and Monitoring Committee

Chairperson: Cr Tapsell

Deputy Chairperson: Cr Yates

Members: Mayor and all councillors, 2 Te Tatau o Te Arawa members, 1 Lakes Community Board member, 1 Rural Community Board member

The purpose of the Operations and Monitoring Committee is ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Long-term Plan, Annual Plan and strategy goals/priorities.

The Committee’s role is recommendatory only. The Committee does not have the delegated authority to make decisions for and on behalf of the Council. All matters requiring a decision of Council must be referred, by way of recommendation, to the Council for final consideration and determination.

In the event that the Council resolves not to approve or adopt a Committee recommendation, the item shall be returned to the Committee via the Chief Executive for review and subsequent referral to the Council for further consideration and determination.

District Licencing Committee

Chairperson: Karen Hunt

Council representative: Phill Thomass

Members: Trevor Owen, Juanita Conder, Alastair Gibson, Jane Eynon-Richards

The purpose of the District Licensing Committee is to:

- to consider and determine applications for licences and manager's certificates
- to consider and determine applications for renewal of licences and manager's certificates
- to consider and determine applications for temporary authority to carry on the sale and supply of alcohol in accordance with section 136
- to consider and determine applications for the variation, suspension, or cancellation of special licences; and
- to consider and determine applications for the variation of licences (other than special licences) unless the application is brought under section 280
- with the leave of the chairperson for the licensing authority, to refer applications to the licensing authority
- to conduct inquiries and to make reports as may be required of it by the licensing authority under section 175
- any other functions conferred on licensing committees by or under this Act or any other enactment.

RMA Policy Committee

Chairperson: Chair

Members: 1 Elected member, 1 Te Tatau o Te Arawa

**Note: Membership of the committee has not been confirmed due to training requirements not yet being met.*

The purpose of the RMA Policy Committee is to conduct hearings and make decisions on proposals for the preparation, change, variation and review of Council's District Plan under Schedule 1 of the RMA. The committee also assist Council to determine its policy, planning and strategic direction with regard to the preparation, change, review and variation of Council's proposed or operative district plans, in a manner which promotes the sustainable management of natural and physical resources in the Rotorua district.

Each member of the committee is required to hold a certificate of accreditation for the purpose of holding hearings under the RMA. The Chair of the Committee must also hold Chair certification.

To complement the Ministry for the Environment's Making Good Decisions Programme, committee members will be required to meet such further RMA training requirements and hold such further accreditation as may be specified by Council from time to time.

Audit and Risk Committee

Chairperson: Chair (Independent)

Deputy Chairperson: Deputy Chair (Independent)

Members: Mayor, Deputy Mayor, Strategy, Policy and Finance Chair and Deputy Chair, Operating and Monitoring Chair and Deputy Chair, Te Tatau o Te Arawa representative

The purpose of the Audit and Risk Committee is to monitor and report to the Council on:

- The Council's external and internal audit process;
- The performance of Council's legal responsibilities (within the ambit of the Committee's delegated authority);
- The independence and effectiveness of Council's internal audit processes;
- Existing corporate policies (including recommending new corporate policies to prohibit unethical, questionable or illegal activities);
- Provide a communication link between management, internal auditors/external auditors and Council;
- Support measures to improve management performance and internal controls; and
- Support the professional independence, effectiveness and accountability of the Risk Management Framework.

CEO Performance Committee

Chairperson: Mayor

Deputy Chairperson: Deputy Mayor

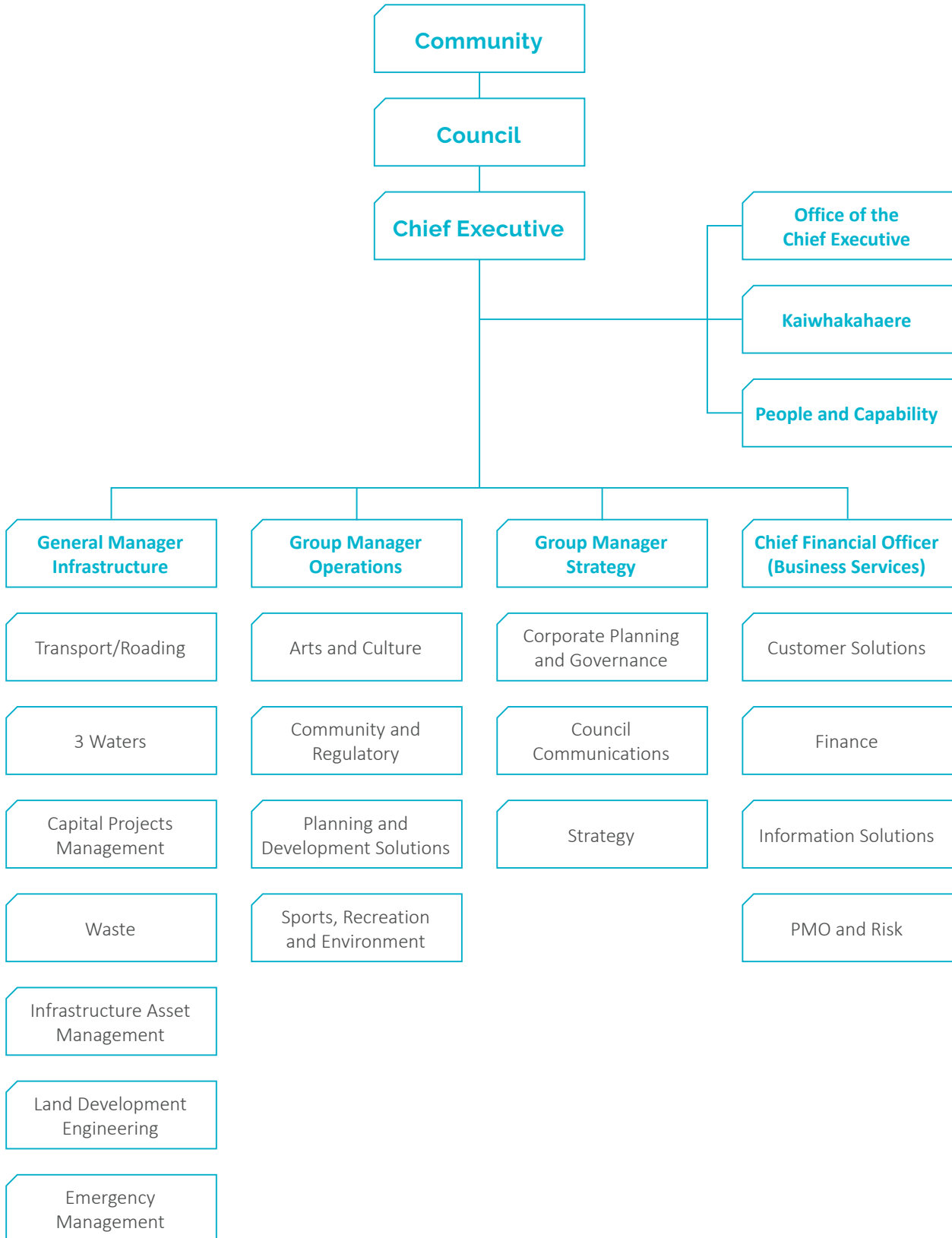
Members: Strategy, Policy and Finance Chair, Operating and Monitoring Chair, Te Tatau o Te Arawa Representative, Lakes Community Board Chair, Rural Community Board Chair

The purpose of this committee is to review the performance of the Chief Executive annually, and also undertake the legislative requirements in relation to the Chief Executive's performance.

The Committee makes recommendations to Council, who then decide upon final performance and remuneration outcomes.

Te Ohu Manahautū

Organisational Leadership



The Rotorua Lakes Council Executive Team is led by the Chief Executive and comprises five groups:

1. Business Services
2. Infrastructure
3. Office of the Chief Executive
4. Operations
5. Strategy

Our organisation has many skilled and professional people who are passionate about our district, its future and delivering better value services. Within the five groups, 20 Business Units deliver services and projects made up of 302 FTE (full time equivalent) employees.

Executive Team

| | |
|---|------------------|
| Chief Executive | Geoff Williams |
| Chief Financial Officer | Thomas Collé |
| General Manager Infrastructure | Stavros Michael |
| Group Manager Operations | Jocelyn Mikaere |
| Group Manager Strategy | Jean-Paul Gaston |
| Kaitiaki Ahurea Māori | Vacant |
| Kaiwhakahaere Māori | Gina Rangī |
| Manager Officer of the Chief Executive | Craig Tiriana |

He aronga poto: Te Whakahaere Pūtea

At a glance: Financial performance

| | Actual | Budget |
|---|-----------|----------|
| Revenue – from rates | \$101.4m | \$102.0m |
| Revenue – from other sources | \$42.3m | \$58.5m |
| Revenue | \$143.7m | \$160.5m |
| Expenditure | \$155.2m | \$133.5m |
| Operating surplus / (deficit) | (\$11.6m) | \$27.0m |
| Capital expenditure | \$67.4m | \$117.1m |
| Net debt | \$235.4m | \$269.6m |
| Credit Rating- Fitch International – March 2021 | AA- | |
| Outlook | Stable | |

The 2020/2021 financial year saw some unprecedented challenges faced by our organisation, particularly with the economic recovery, operational impacts and uncertainty from COVID-19 lockdowns and restrictions. Some key projects were delayed either as a result of COVID-19 supply chain and lockdown issues, or for further investigation work. This resulted in the deferment on the recognition of funding received, impacting the operating result adversely.

Furthermore, the financial year deficit of \$11.6m reflects significant non-cash transactions connected to year end and asset accounting treatment, some of these are highlighted below:

Some challenges were new, including:

- i. The delay in subsidy and grant revenue recognition due to delays in the underlying capital projects;
- ii. Increased disposal of assets connected to the revaluation of roading and water asset classes;
- iii. Commencement of the Trility wastewater contract for upgrading and maintenance services;
- iv. Holidays Act remediation resolution and payment commencement; and
- v. Increased consultant costs to meet the demand in building and consenting as well as towards the build back better initiative and housing strategy.

Whilst other issues have remained more persistent including:

- i) The impact on depreciation costs as a result of the revaluation of our asset base;
- ii) The need to fund additional inner-city security; and
- iii) Loss of event-driven fees with moving alert levels over the financial year.

Liquidity was once again a key focus and in 2020/2021, a net debt increase of \$72.8m was planned. However, actual net cash and borrowings at year end was \$34.1m lower than budget at \$235.4m due to the extended timings on key capital projects such as Sir Howard Morrison Performing Arts Centre, Rotorua Museum and Aquatic Centre.

Even though the net debt is lower than budget, Council was still able to achieve 58% completion of CAPEX projects. This included achieving 93% of renewals projects and 48% of enhancement projects. This was despite lockdown restrictions being in place that resulted in delays in supply of components or by resources not able to be fully committed.



Te Whakahaere Pūtea Managing the money

Rotorua Lakes Council spent \$155.2 million this year to provide direct services to the community, internal services to support and run Council, and additional services that provide benefit to the community. Additionally, \$67.4 million was spent on capital works to renew assets or create new facilities and amenities for our Rotorua of the future.

We manage \$1.3 billion worth of assets including roads, bridges, parks and playgrounds, halls, land, recreation and leisure facilities, drains, water and wastewater infrastructure and libraries and parks.

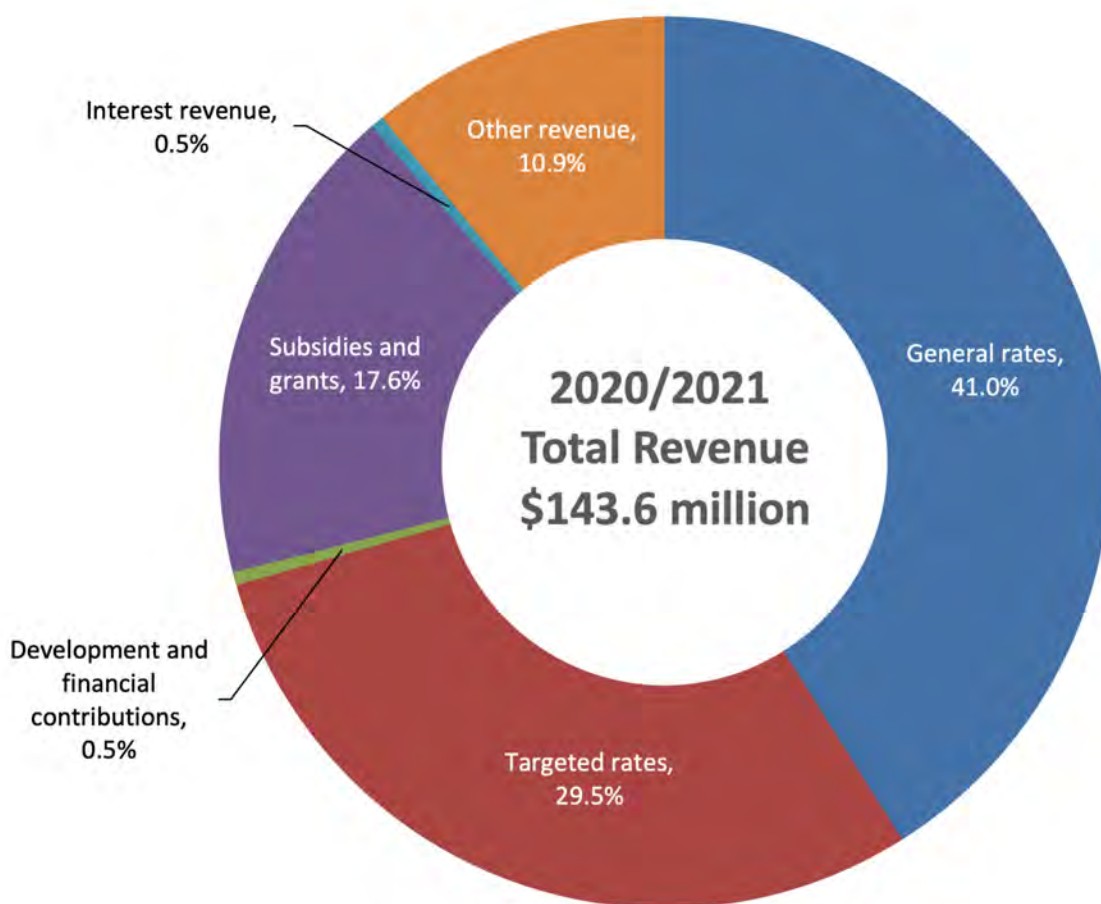
Principal sources of revenue are property rates (general and targeted), government grants and subsidies, user charges and fees.

Principal expense categories include construction, maintenance, salaries and wages, grants to community groups and many other community services. Services include the library, Aquatic Centre, emergency management and planning and regulatory programs.

Full details of the Council's Financial Statements are available from page 77.

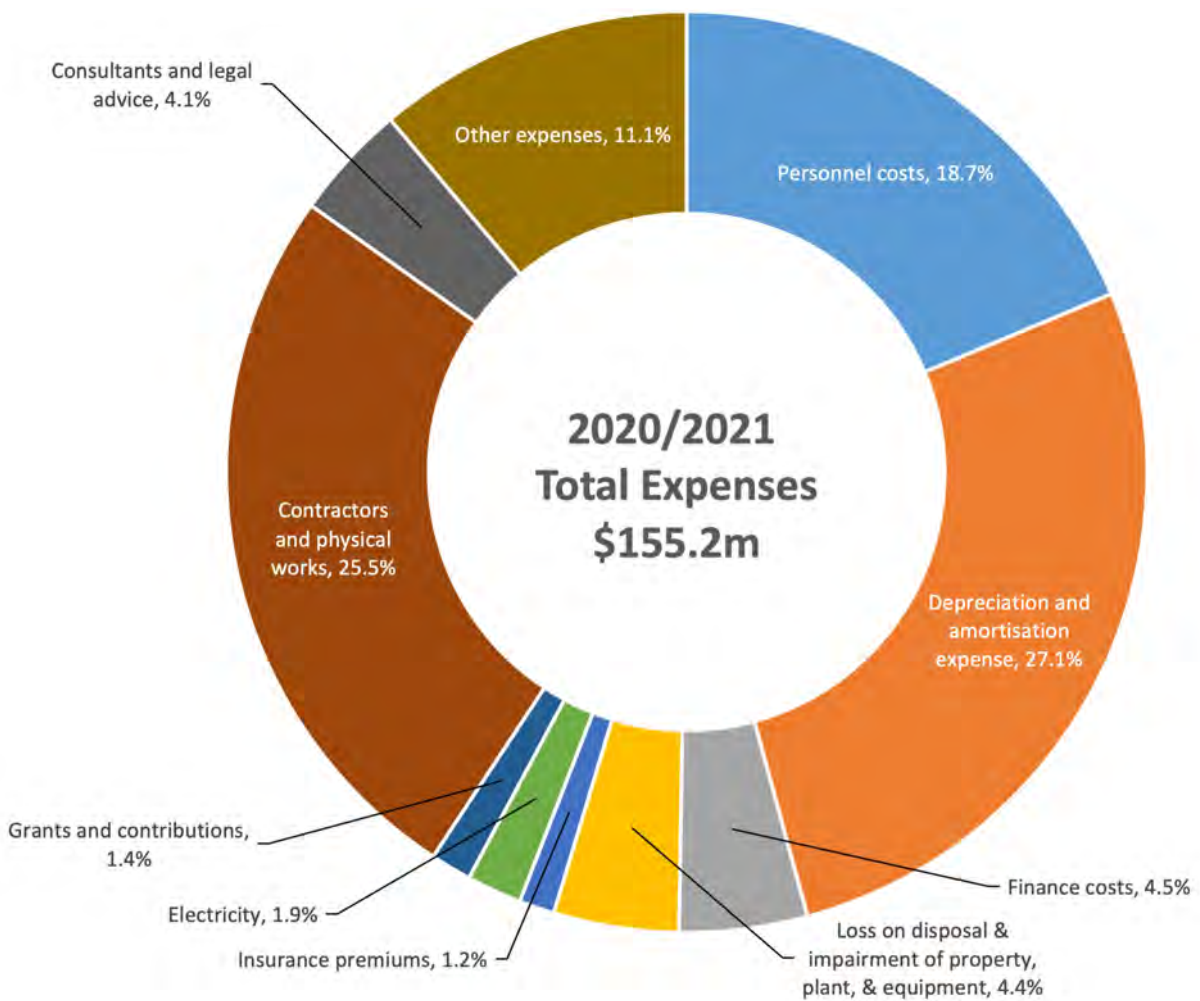
Where did our money come from?

This year income from rates (general and targeted) contributed \$101.4 million or 71% of total operating revenues (2019/20 \$96.9 million; 71 %). In addition to this, income was generated from fees and charges \$5.6m; 4%, (\$5.3m: 3.9% 2019/20) and grants and subsidies \$25.2 million; 17.6%, (\$22.5 million: 16.4% 2019/20).



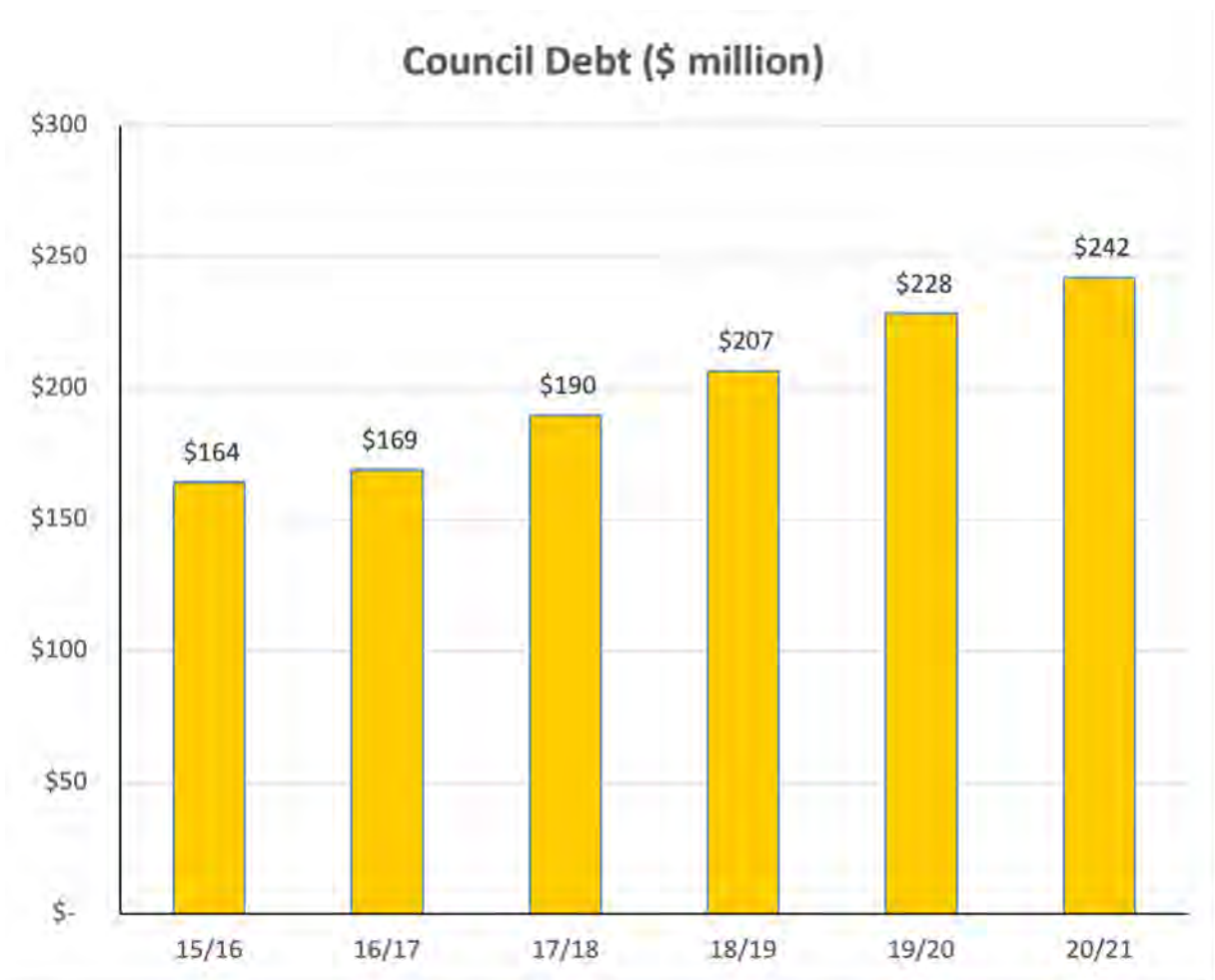
What was money spent on?

Total operating expenditure for 2020/2021 was \$155.2m with breakdown as below.



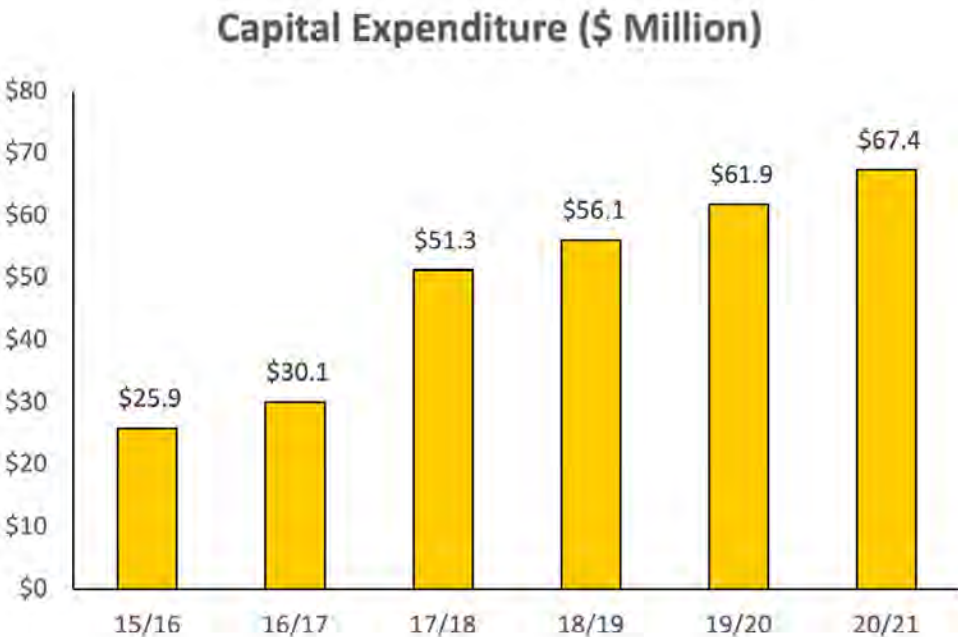
Council Debt

Debt increased by \$13.5 million from the previous year to \$241.7 million. The Council uses borrowings so that the costs of new facilities, infrastructure and associated improvements are spread over the multiple generations who will benefit rather than loading all the costs to one generation. For the 2020/21 year, the increase in debt was largely driven by the continued investment in major capital expenditure projects.



Capital Expenditure

Overall we spent \$67.4 million on projects that either renewed our assets (\$27.6m), expanded existing assets to meet additional demand (\$0.8m) or enhanced their level of service (\$39.0m). This was \$49.7 million lower than our planned budget of \$117.1 million and was largely driven by extended timings on key projects such as the Museum, Aquatic Centre, the Sir Howard Morrison Performing Arts Centre and the Whakarewarewa Forest that were either impacted directly by the COVID-19 supply chain or lockdown issues; or were deferred as further investigation works and additional planning were carried out. Further commentary on these and other key projects have been identified in the Capital Pressures table over the page.



Capital Pressures

Council is committed to collaborative partnerships with the community, suppliers and stakeholders. Given the need to ensure projects are fit for purpose, as circumstances and requirements change, the timing of these projects do not necessarily fit into a financial year.

| Project | \$ spend 20/21 | Budget |
|--|----------------|--|
| Rotorua Museum | \$1.9m | Under budget by \$16.1m due to extended timetable for additional geothermal and foundational testing. |
| Sir Howard Morrison Performing Arts Centre | \$8.1m | Under budget by \$11.9m due to extended timetable resulting from asbestos and structural issues identified. |
| Aquatic Centre | \$3.4m | Under budget by \$2.3m due to delay in phase two, with the 50m pool delivery impacted by COVID-19, which was completed in March 2021. |
| Lakefront Development | \$14.3m | On budget with good progress made and phase one opened to the public in June. |
| Whakarewarewa Forest | \$1.0m | Under budget by \$5.2m due to on-going discussions with Iwi and relevant stakeholders on final design. |
| Sewage Renewal | \$6.1m | Tracking ahead of budget due to spend prior to commencement of Trility contract in August 2020 to ensure system in agreed quality/position at beginning of contract. |



Te tūhono i te tirohanga ki te mahi Connecting vision to action – “progress”

Key projects identified in the Long-term Plan 2018-2028 enhance Rotorua’s strengths and offer opportunities to bring about further change, encourage future investment and raise the quality of life within our district.

Follow council’s progress on its key projects.



Te whakaora i ō tātau taonga Reviving our facilities

OUR COMMITMENT: Ensure our facilities are modern, safe, fit-for-purpose and meet our needs and our lifestyle.



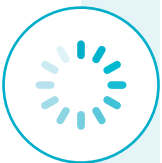
Te Toitūtanga o te Taiao Environmental sustainability

OUR COMMITMENT: Enhance the environment that defines Rotorua; a unique volcanic landscape characterised by lakes, rivers, mountains and geothermal features.



Te Whakawhanake i to tātau Rohe Growing our district

OUR COMMITMENT: Increase the resilience and vibrancy of our communities and villages by ensuring our land, housing and infrastructure is in the best condition it can be to meet the present and future needs of growth.



Tuia te kawē, tairanga te kawē, ko te kawē o te haere Keeping the foot on the pedal of progress

OUR COMMITMENT: Plan for future progress by developing bold visions that continue to enhance our special district and position us for future investment based on our strengths: environment, lifestyle, culture, opportunities.



Rotorua Museum Te Whare Taonga o Te Arawa

Te Whare Taonga o Te Arawa is a locally and nationally significant building with a Category 1 New Zealand Historic Places Registration. It is sited in a Waahi Tapu area and on geothermal ground. The building was closed in November 2016 following cracks appearing post the Kaikoura earthquake, and remained closed after a Detailed Seismic Assessment (DSA) found the building to be earthquake prone.

A project to strengthen and restore the building has been underway since funding was approved in the 2018 Long Term Plan. The project has made significant progress securing \$53.5m in funding (RLC accounts for 28% of the funding allocation), progressing detailed building investigations and mapping, multi-disciplinary design through to completion in most areas, gaining resource consent and undertaking preparatory work such as asbestos removal in the basement and heritage protection work.

Earthquake strengthening and redevelopment of our whare taonga is vital for both our community identity and pride, as well as a visitor attraction. Council is committed to strengthening and restoring our world renowned Museum for future generations.

The project is in the last stages of detailed design of zone 3 the foyer. This is the most complex and challenging area to find the right solution for unreinforced masonry, a heavy roof and poor ground conditions. Further investigations are underway including geotechnical and invasive testing of the structure, with additional expertise from some of the best structural engineering minds in the country. Note that zone 1 the south end has already been through detailed design, building consent and construction partially completed.

It is expected the main construction phase of the project will start in the second half of 2022 with completion of the restoration and earthquake strengthening in the last quarter of 2024.

Community and iwi engagement has commenced and will continue through until July 2022, with the Master Plan being completed by December 2022. Funding for the opening exhibitions is being sourced from national and local funds and grants, as it is not included in Council funding for the building project. An Exhibition Design Company will be engaged shortly who will help us turn our engagement knowledge and learnings into the required Master Plan in order for us to establish developed and detailed designs, and undertake exhibition construction and installation. Exhibitions are planned to be open to the public in 2025.

Although the building is closed, the museum continues to operate, albeit in a significantly altered form. Taonga continue to be cared for, visited and preserved, school groups continue to be engaged through the Museum's successful education programme and pop up museum activities continue to occur.



Aquatic Centre

Rotorua is surrounded by lakes and rivers and it is very important that our children and community have access to safe, fun aquatic facilities for learning about water safety, building water confidence and the wellness that water based sports and activities add to our lifestyle.

The Rotorua Aquatic Centre:

- Has the only outdoor heated (geothermal) 50m pool in the country
- Is popular for training camps and competitions
- Attracts 350,000 visitors a year
- Provides more than 11,000 learn-to-swim lessons per annum

Through the 2018 – 2028 Long Term Plan, Council developed a phased approach to the redevelopment of the Centre. The redevelopment is being guided by a conceptual masterplan that includes:

- Deepening and renovating the 50m outdoor pool and outdoor changing room
- Renovating the indoor Pool Hall with a new roof, new external cladding and glazing, ventilation and fire systems and improved foyer and indoor changing areas.
- Future extensions to services with new learn to swim pools, play spaces and hydro slides and a bombing pool.

Work to deliver the masterplan will continue through the 2021 – 2031 Long Term Plan following substantial public support for the ongoing redevelopment of the centre.

Renovation of the 50m outdoor pool began in August 2020 and was completed in March 2021. The renovation included:

- A depth increase from 1.1 metres to 1.4 metres to meet internationally recognised regulations for competition pools
- Installation of a pool liner (with new lane markings) to address previous leakage issues
- Installation of a movable bulkhead, allowing the pool to be used as a single 50m pool or be split into two 25m pools
- All new water piping and filtration plant
- Installation of an attractive, raised composite decking surround
- A Poolpod accessibility lift

Significant design work continued through the 2020-21 year with the outdoor change areas redesigned to include more showers and toilets, re-instatement of the under-seat heating system, improved accessibility change, toilet and shower provisions, improved floor drainage and new floor and wall coatings.

Detailed design of the pool hall, foyer and indoor change facilities has also progressed over the last year. The new ETFE skylight roof supplier has been chosen and is working with the design team on the full roof replacement programme. Construction of the main pool hall works is scheduled for the winter of 2022, with the future extensions of services to occur in the following year.



Sir Howard Morrison Performing Arts Centre

The vision for the Sir Howard Morrison Performing Arts Centre is to revitalise this iconic facility into a stunning, innovative hub of activity in the heart of our city, and to support the development of a vibrant performing arts sector for our District.

Once complete our community will have an outstanding regional performing arts centre celebrating the unique stories and heritage of our place. The 950+ seat theatre will attract national and international shows to our doorstep. The flexible black box theatre will accommodate a wide variety of performance genres and stage set-ups. New rehearsal studios will be able to double as production rooms. Accessible digital technology will enable us to take local performances to the world, and a significant heritage building will be strengthened and restored in the heart of our city.

Following completion of detailed design and deconstruction works, Hawkins were awarded the main construction contract.

As part of the detailed planning process, a range of significant risks were identified for this project. As work progressed the team uncovered many challenges including far more widespread and severe cracking than estimated. To address these challenges, and deliver a venue that is safe, sound, fit-for-purpose and without legacy issues for the future, Rotorua Lakes Council approved the additional budget required.

Upon completion of the construction the build phase will move into fit-out and operational testing. It is expected that the centre will then re-open to the public from September 2022.



Wastewater treatment plant upgrade

Rotorua Lakes Council, CNI Iwi Holdings and Te Arawa Lakes Trust have agreed to work together towards a new long-term solution for discharge of wai tātari (recovered wastewater).

In response to significant iwi and community opposition to the current proposal to discharge treated wastewater to Lake Rotorua via a land contact bed, CNI has generously offered the temporary use of a set area of land within Whakarewarewa Forest, while work continues towards developing a long-term solution that will not include use of the forest land.

The agreement – Kawenata- Puarenga Catchment of Te Rotoruanui-a-Kahumatamomoe – follows extensive discussion and careful consideration by the parties to find the right outcome for mana whenua and the wider Rotorua community.

As a result of the agreement, the council sought approval from the Environment Court to withdraw the consent applications before the Court, relating to the proposed upgrade of Rotorua city's wastewater treatment plant, and proposed discharge of wai tātari to Te Rotoruanui-a-Kahumatamomoe (Lake Rotorua) via a culturally-designed land contact bed. In August 2020, the parties submitted a joint memorandum to the Environment Court outlining what has been agreed and the Court agreed to that application for withdrawal.

The kawenata has been guided by Te Tūāpapa o ngā Wai o Te Arawa (Te Arawa Cultural Values Framework) and under the agreement, the parties will work to develop a long-term solution.

The parties have agreed to a Sustainable Forest Approach that will include upgrading the Council's wastewater treatment plant, and the short to medium-term continuation of discharging treated wastewater in Whakarewarewa Forest – with improvements and in a culturally appropriate and environmentally sustainable way. The area of land to be used in the future and after the WWTP upgrade will be reduced from the current 400ha to less than 40ha and the treatment plant upgrade will treat wastewater to an even higher standard than it is now.

The kawenata includes establishing a Puarenga Catchment Reference Group to improve and enhance the mauri of the waters in the catchment. This has now been established and working to its objectives of improving water quality in the Puarenga stream.

While a five-year bridging consent for the current operation of the WWTP has been agreed, a new consent will be applied for the upgrade of the plant by the end of 2021. Council has agreed to the upgrade of the plant and has allocated in the LTP funding to do so over the next three to five years by the time the current bridging consent expires.

We have in place a preferred tender from Trility (as agreed by Council in August 2020) to undertake the upgrade of the WWTP once consent has been granted. It is expected that the contract for the upgrade will be finalised and works will commence in early 2022.



East Rotoiti/Rotomā sewerage scheme

Household septic tanks and other old types of on-site treatment and disposal systems are an important contributor to degraded lake water quality (through leaching of nitrogen, phosphorus and more importantly pathogens). Accordingly, one of the most immediately effective work programmes under a partnering agreement between the Crown, Te Arawa Lakes Trust, the BOPRC and Rotorua Lakes Council is the construction of community wastewater reticulation and treatment schemes (including the Rotoiti/Rotomā scheme).

In 2013 an integrated community steering group (RRSSG) was established. Following considerable effort it arrived at a new scheme concept: a single treatment plant (WWTP) serving the catchments with wide support and broad consensus from the local stakeholders. The concept plan was submitted to Rotorua Lakes Council and was adopted in December 2014.

The project challenges and achievements to date have been significant. Particularly considering the legacy views issues arising from a failed resource consent application in 2012. Achievements to date include:

- A high quality Waste Water Treatment Plant (WWTP) was constructed in 2019 and now operating in full compliance with the resource consent.
- 35km of main trunk reticulation pipelines and major pump stations constructed to connect bothy Rotoma and Rotoiti to the Treatment and now operating.
- Over 200 STEP pre-treatment systems installed and operational at Rotomā.
- Extensive and complicated interaction with multiple Māori whenua owners to reach consent and agreements to install infrastructure on their lands.
- Agreement on the type of pre-treatment systems for East Rotoiti following a long and robust procurement process was concluded in January 2021. A contract to install the systems was approved by Council in June 2021.

The remaining work to complete the scheme (about 25% of the physical works) comprises the installation of the pre-treatment systems at Rotoiti (Biolytix BF2) on some 450 properties is consistent with the scheme's scope that was adopted in 2014, the resource consent conditions and the Heads of Agreement with Ngati Pikiao and WWTP site land owners.



Lakefront redevelopment

A bold vision for the lakefront has been created to enhance this important recreational area for the benefit of locals and visitors. The design creates spaces for recreation, entertainment, cultural experiences, improved visitor operations and commercial operations and will represent our unique cultural identity and tell our stories.

The Lakefront Reserve is a significant recreation and economic asset for Rotorua. In 2006, an upgrade was identified as part of ongoing city development and our District's standing as one of New Zealand's most popular tourist destinations. The plan was not able to proceed as joint funding opportunities did not exist then.

In 2018, a \$19.9 million Government investment from Kānoa – Regional Economic Development and Investment Unit was announced for the project. This funding, alongside \$20.1 million from Council, aims to transform this recreational, economic and cultural resource.

In July 2020, an additional \$1 million investment from Kānoa – Regional Economic Development and Investment Unit was announced to progress work on the cultural design foundation for the project, consisting of artwork, interpretation and design, with local artists creating carved pou, and information panels that will tell the korero history of the area.

Despite the challenges the COVID-19 pandemic created, work on the Lakefront Redevelopment has forged ahead, recognising the benefit the project will have for the community now and into the future through the creation of jobs and investment opportunities.

The first stage of the development (HEB Construction) involved the construction of a new boardwalk, tukutuku bridges, and terracing along the lake edge, landscaping and planting, and the construction of a shared path beginning at the eastern end of the reserve. This stage of work was largely complete by the end of June 2021 and was opened to the public in early July.

The first contract for Stage 2 of the lakefront development (Waiotahi Contractors) was to complete the enabling works for the new playground and new toilet block and involved realigning wastewater pipes, installing new water reticulation and stormwater lines, and preparing the ground for construction of the new destination playground. This work was completed in November 2020 and pre-load to stabilise the ground ahead of construction remained in place until March 2021.

Local company, Campbell Infrastructure was awarded contracts for Stages 2, 3, and 4 of the development in June 2020. This initially involved refurbishing the existing Volcanic Playground- removing some of the old playground and installing new play equipment, seating and picnic areas. This work was brought forward to mitigate the impact of the COVID-19 response and to reduce delays to the overall project.

Campbell Infrastructure then moved onto Stage 4 of the Lakefront Redevelopment in September 2020. What was once just a thoroughfare (previously Memorial Drive) was transformed into a brand new plaza providing a larger variety of parking options for lakefront visitors and space for events and markets. 77 new parking spaces were created, as well as new footpaths, kerbing, landscaping and seating. Infrastructure was also upgraded to improve the management of stormwater in the area. This new space was opened to the public on 1 April 2020.



Campbell Infrastructure then turned their focus to the construction of the much anticipated new playground extension. Once complete the new playground will be three times bigger than the previous playground and will include play equipment for all ages and abilities to enjoy. The playground construction is on track to be complete and open to the public by the end of 2021.

Stage 3 commenced at the end of June 2021. This is the area between the lake edge and the existing playground. Here Campbell Infrastructure is transforming the road and car parks into grass terracing and gardens. The new shared path that has started on the eastern side of the reserve will also be extended through this section of the lakefront. This area is also on track to be complete by the end of 2021.

Work on the western end of the lakefront, including space for commercial activities, is progressing through the detailed design phase. Procurement for architectural services for the new whare waka and potential commercial space is complete with local company DCA Architects to undertake this work. The contract for construction of the new toilet block (located near the new playground) was awarded to local company GRB Construction, with work scheduled to begin in August 2021.

Throughout the year, work has also progressed on the cultural design foundation for the lakefront project. Te Arawa Master Carver and designer Lyonel Grant is leading this design work, which includes three carved pou tumu, a reflection seat, and cultural designs embedded into elements across the reserve including drinking fountains and the half basketball court. The installation of these cultural elements will occur throughout 2021 with additional storytelling elements expected to be in place in coming years.



Whakarewarewa Forest

Whakarewarewa Forest is locally and internationally renowned as an outstanding recreation area for mountain biking, walking, running and events and is an important recreational area for our community. The trails attract an estimated 230,000 people annually for mountain biking alone and between 600-800,000 other visitors every year. Most of this recreation area is also a working forest with recreational use fitting around forest operations.

A master plan to enhance the forest amenity was developed and identified key recreational, cultural and commercial development opportunities, specifically in the Tokorangi block that includes the Redwoods area. The Whakarewarewa Forest Development aims to integrate trails, develop outdoor event areas and picnic spaces, and improve parking and access to the forest.

In October 2018, the Government's Provincial Growth Fund (now Kānoa- Regional Economic Development & Investment Unit) granted \$7.0 million towards the project, driven by strong evidence supporting strengthened economic development and tourism, as well as the benefits of enhanced recreational opportunities. The Provincial Growth Fund grant investment supported Council's investment of \$7.5 million. In June 2020, the Government invested a further \$90,000 in the project to go towards the construction of a new visitor centre in the Tokorangi Forest.

Te Pūtaka o Tawa (The Tarawera Road forest hub) is now complete and was opened to the public in October 2020. The hub was developed to provide an additional recreational access point to the forest, as well as opportunities for new commercial developments. Once only a small gravel car park, this space has been transformed into a brand new hub with capacity for 400+ vehicles, event spaces, brand new toilets and showers, and bike washing facilities. There are now new commercial operators set up at the hub providing coffee, food and bike hire to the ever-increasing number of forest users accessing the forest.

A permanent shelter will be constructed in the Spring to add further value for operators and visitors. Since the hub was opened, seven events have been held at Te Pūtaka o Tawa and more are scheduled over the coming summer.

While parts of the Whakarewarewa Forest Loop have been opened and useable over the last year, it will be fully complete and officially open by early summer in 2021 (including completion of all trail sections, wayfinding, and storytelling).

The Forest Loop is a fun and memorable trail that showcases a classic Rotorua mountain biking experience- redwoods, geothermal features, Māori culture and stunning views. The approximate 30km mountain bike track is suitable for riders with a moderate level of fitness but who might not have the technical skills to tackle tracks that are more challenging. The ride runs clockwise around the forest, across the Tokorangi Face (which overlooks the city), through Te Pūtaka o Tawa, past Lake Tikitapu, through to the existing Te Ara Ahi path on SH5 to connect to the Waipa mountain bike car park.

The existing trail network between the Rotorua lakefront and the forest is also being upgraded to provide a family friendly connection between these places (scheduled to be complete by early 2022).

Council, CNI Iwi Holdings Ltd, and mana whenua (Ngā Hapū e Toru o Ngāti Whakāue and Tūhourangi Ngāti Wāhiao) have worked together to develop a cultural foundation for the Whakarewarewa Forest Project. Moerangi is the korowai (cloak) that wraps around the forest and forms the basis for new branding and signage across the forest projects. It is being gradually transitioned into the forest, starting with Te Pūtaka o Tawa, then the Whakarewarewa Forest Loop and Titokorangi Drive (Longmile Rd). This cultural foundation includes the telling of several stories being shared by mana whenua through artwork, signboards, and a mobile application across the forest.

He aronga poto: Te āhua o ngā Ratonga

At a glance – Service Performance

The 2018-28 Long-term Plan arranges Council's services into ten activities, setting 62 KPIs. For this financial year, 58 KPIs have been reported on.

Differing circumstances support the four KPI not measured, as detailed in this section; 60% are achieved and 34% are not achieved with 6% not measured. In comparison with the 2019-2020, 53% KPI were achieved, 42% not achieved and 5% not measured.

The world around us has changed and so has our District. The COVID-19 global pandemic has hit hard and while the number of KPI achieved in 2021 was up on 2020; both these years results were below pre-COVID-19. The disruption of COVID-19 with the lockdown and various alert levels has not affected all activity areas equally. Some activity areas are deemed essential and the disruption was minimal. Whereas in other areas, it has taken some time, following the 2019 Alert Level Four lockdown period to re-establish services to their pre-COVID-19 performance levels. Despite the negative impact on some measures, the COVID-19 pandemic has not adversely affected the ability to provide the reporting.

Rotorua Lakes Council have been proactive and adaptive in their response to the COVID-19 disruption. Council continues to navigate the ongoing COVID-19 crisis and build resilience with business continuity towards the future impacts. As an organisation, Council recognises that people and business areas are still hurting and are going to need ongoing support.

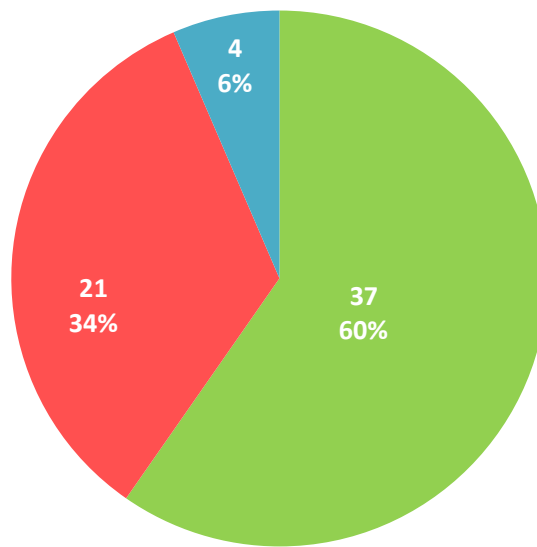
Wellbeings Under The Local Government Act

In May 2019, the Local Government Act 2002 was amended to reintroduce the 'four wellbeings' into the purpose of Local Government. We, and all other councils across the country, are required to play a broad role in promoting the social, economic, environmental and cultural wellbeing of communities in the present and for the future. In this part of the Annual Report, we present the identified effects of our activities on the four dimensions of wellbeing. Some of our activities affect all four dimensions, while others may only touch on one. Effects can be positive or negative and are described in more detail within each activity.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|---|---|---|---|
|  SOCIAL |  ECONOMIC |  ENVIRONMENTAL |  CULTURAL |

Performance Targets Summary

■ Achieved
 ■ Not Achieved
 ■ Not Measured





Key Performance Targets by Activity Group



Mahi Toi Arts and Culture

Rotorua Vision 2030 Goals | Community Outcomes

 Papa whakatipu
Outstanding places to play

 Waahi pūmanawa
Vibrant city heart

Why we do it – How does this affect you?

To enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds and promote creative vibrancy within the district

What we do

- Work collaboratively to grow and enhance the Te Arawa culture.
- Nurture Rotorua as a destination known for its rich and vibrant arts and culture community.
- Support and grow a sense of belonging and identity.
- Help people find their place within our society (Museum, Library) – connecting communities, places and people

Activities include:

- District Library
- Rotorua Museum: Museum Outside the Walls Tours, Education and Collection Care
- Sir Howard Morrison Performing Arts Centre: Performing Arts and events across the city
- Energy Events Centre
- Markets, Events and Festivals

Effects on the community

Arts and Culture creates connected thriving, communities that promote wellbeing and social cohesion, by having a range of activities, events and experiences that connect and engage our community. They are an important part of what makes our district a great place with an attractive lifestyle. Rotorua Lakes Council strives to provide a clear direction on the contribution that arts and culture can make to the future of our district and the role that our Council has in this. We consider collaboration, partnerships, new initiatives that contribute to the arts and culture scene in Rotorua to mitigate any perception of Rotorua not having a culturally rich and diverse arts scene.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|---|---|---|---|
|  SOCIAL |  ECONOMIC |  ENVIRONMENTAL |  CULTURAL |

Measuring our performance

Arts and Culture

To enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds, and promote creative vibrancy within the district.

| Activity | Level of service | How will it be measured? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|----------------------|-----------------------|--|----------------|----------------|---|-------------------|
| Energy Events Centre | Utilisation | Community hire days of venues. | ≥330 | 400 | A pleasing result due to high utilisation of the Sportsdrome for community sports and utilisation of the Teahouse by the Education programme for school talks. | 381 |
| Arts and Culture | Utilisation | Number of People visiting Arts and Culture Venues (Made up of figures from Library, Museum, SHMPAC, EEC) | 401,287 | 407,427 | Library = 284,602 EEC = 121,023 Museum (Outside the Walls) = 1,802 SHMPAC closed International border closures as a result of COVID-19 continues to impact on a reduction in numbers for the Museum Outside the Walls tours. Whilst the result has exceeded target, it has been impacted by alert level restrictions affecting business operations with venue closures and restrictions with reduced capacity upon re-opening. | 355,612 |
| | Customer satisfaction | Percentage of customers very/fairly satisfied with Arts and Culture Offerings | 87% | 90% | Library only (Museum and SHMPAC both closed) | 89% |
| | Customer satisfaction | Percentage of customers very/fairly satisfied with quality of Markets, Events and Festivals | 89% | 89% | Result is impacted by COVID-19 with reduced offerings of markets, events and festivals. | 86% (YTD average) |
| Library | Utilisation | Percentage increase of growth of the Māori collections issued within a year | 1.4% | 4.2% | This result has well exceeded target due to the introduction of Te Reo Māori e-resources this year with increased content and lending options, along with the introduction of some of the Māori content into the mainstream catalogue making it more visible to customers. | -4.4% (YTD) |

● Not Measured ● Achieved ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Arts and Culture

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 12,796 | 12,757 | 11,007 |
| Targeted rates | - | - | 16 |
| Subsidies and grants for operating purposes | 562 | 575 | 235 |
| Fees and charges | 2,677 | 5,119 | 1,103 |
| Internal charges and overheads recovered | 17 | 18 | (10) |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | 177 |
| Total operating funding (A) | 16,052 | 18,468 | 12,528 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 10,291 | 11,546 | 9,251 |
| Finance costs | 887 | 1,194 | 653 |
| Internal charges and overheads applied | 2,137 | 2,292 | 2,490 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 13,315 | 15,032 | 12,395 |
| Surplus (deficit) of operating funding (A – B) | 2,737 | 3,436 | 134 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 14,564 | 7,834 | 3,781 |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 6,050 | 5,532 | 1,258 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 20,614 | 13,366 | 5,040 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | 22,229 | 15,668 | 10,145 |
| • to replace existing assets | 1,122 | 1,134 | 1,778 |
| Increase (decrease) in reserves | - | - | (6,749) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 23,351 | 16,802 | 5,173 |
| Surplus (deficit) of capital funding (C – D) | (2,737) | (3,436) | (134) |
| Funding balance ((A - B) + (C - D)) | 0 | - | (0) |

Te Hautūtanga a te Hapori Community Leadership

Rotorua Vision 2030 Goals | Community Outcomes



He hāpori pūmanawa
A resilient community



Whakawhanake pākihi
Business innovation and prosperity



Kāinga noho, kāinga haumaruru
Homes that match needs



He huarahi hou
Employment choices



Papa whakatipu
Outstanding places to play



Tiakina to taiao
Enhanced environment



Waahi pūmanawa
Vibrant city heart

Why we do it – How does this affect you?

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

What we do

This activity covers a range of specific functions and is also the home of corporate leadership and governance, civil defence and the technical and administrative support for Council's many services.

- Enable and support good decision making processes of the mayor, elected members, and committees.
- Enable the organisation to deliver Vision 2030 to the district.
- Enable and support organisational efficiency and decision-making through a strong business analysis approach, and the application of effective project management principles.
- Ensure business assurance, integrity and transparency.
- Nurture sustainable relationships that allow people to participate.
- Support engagement between Council and marae, runanga, iwi, hapu and whanau, and facilitating Māori input into council decision-making.
- Provide leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the area.
- Manage the council's property portfolio, ensuring that the investments that have been made provide a gross return that is sustainable and meets the needs of our community.



Activities include:

- Chief Executive Group
- Communications
- Corporate planning
- Governance
- Customer Centre
- Finance (financial services, rates, treasury, project management, risk and contract management)
- Information Services
- Emergency Management
- Kaitiaki Māori
- Organisational Development and Capability

Effects on the community

Community leadership supports the Council's role in setting the future direction and priorities for the District. Rotorua Lakes Council has a lead role in partnering and advocating for the communities of Rotorua, to enable informed and inclusive decision making. To keep up with the pace of change for delivering the Rotorua 2030 goals we have maintained high levels of community engagement to meet the community's expectations, and we have ensured a level of flexibility is built into all strategy development to adapt to the changing needs and/or expectation of the community.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

Measuring our performance

Community Leadership

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

| Activity | Level of service | How will it be measured? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|------------|--------------------------------------|--|----------------|----------------|---|-------------------|
| Governance | Satisfaction/ Value/ Reliability | Percentage of residents who are satisfied with the Let's Talk platform- quality and reliability, and value | 71% | 90% | The Let's Talk platform is Council's online engagement tool introduced in 2017. This is the third year that satisfaction of the tool has been measured. Direct users of the platform have been surveyed and it is encouraging to see there is a steady increase with satisfaction each year, which correlates to the site continuing to grow the number of users. | 74% |
| | Residents' confidence and engagement | Percentage of residents who feel they can participate in decision-making | >60% | 49% | Council is always looking to find the correct balance as to levels of consultation/ information sharing and raising awareness. This past year has been a difficult year for many and this may have impacted on public perception at many levels. Anecdotal evidence suggests that increases in "fake news" in channels like social media, the pandemic and the vaccination roll-out, business confidence and local government politics have all had a negative impact on achieving the set targets. | 43% (YTD average) |
| | Satisfaction | Percentage of residents who feel we are delivering and moving towards the 2030 goals. | 60% | Not measured | This measure was intended to understand the community's perception of progress towards the seven goals of Vision 2030 (community outcomes). Measuring this in the same transaction survey which is focused on the outputs of a service has proven difficult to reach a meaningful result for the past three years. Previous comments from those surveyed indicate that they are not providing comment on the vision/goals but are commenting on areas of overall council services performance. The comments show concern with Council spending, debt and the provision of infrastructure. The requirement to measure the progress of community outcomes has been removed while the local government sector find a better and more meaningful way to measure and gather results. Based upon this RLC made the decision to not include this measure in its performance management framework for 2020/21 whilst we continue to work with the local government sector on an appropriate measurement framework for community outcomes. | 43% (YTD average) |

● Not Measured ● Achieved ● Not Achieved

| Activity | Level of service | How will it be measured? | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|-----------------------|--------------------------------------|---|--------------------|----------------|--|----------------------|
| Communications | Residents' confidence and engagement | Resident's (%) who agree that Council information is easy to access (via website, libraries, social media, newspaper etc) | 57% | 45% | Council provides a number of ways people can access information and continually is looking at ways to provide information to people in a form they wish to receive it be it via social media, print or the web. Anecdotally, we are receiving more complaints in regard to ease of access to information on Council's website. The Council website platform is reaching its end of useful life and a project is underway to redevelop and refresh this platform. | 43% (YTD average) |
| | Residents' confidence and engagement | % who feel Council keeps the community well informed | 36% | 30% | This year has been challenging due to contentious issues for housing and homelessness, COVID-19 vaccination rollout and MIQ facilities, three waters government reform and local government politics. The Council continually strives to ensure information is informed, utilising a number of channels to provide information to the community. Further work will need to be undertaken to distinguish between access to information and keeping the community well informed. Consultations on Let's Talk : 17 consultations with 5,000 plus individuals utilising the platform with over 13,800 visits Website: 823,839 unique page views E-pānui (e-newsletter): 1541 subscribers Facebook: 12,421 followers Instagram: 2,017 followers LinkedIn: 3577 followers Twitter: 1449 followers Tatau Tatau magazine: Quarterly edition, distribution of approx 28,000 households | 30% (YTD average) |
| Te Arawa Partnerships | Residents' confidence and engagement | Proportion of Māori groups who consider Council to be a good partner. | Establish Baseline | Not measured | Te Arawa Groups were unable to partake in the survey due to the Covid-19 pandemic requiring redirection of Te Arawa resources. | Not Measured |
| | Bilingual Rotorua | Residents (%) who feel that Māori culture and te reo is appropriately recognised and visible in the city | 86% | 86% | This result has increased since the previous year indicating that the commitment to being a bicultural city and organisation is noticeable in our community. | 83% (YTD average) |
| Civil Defence | Reliability/ Quality | Emergency Operation Centre staff capacity and capability is developed as measured through the professional capability matrix. | 85% | 98% | This measure has exceeded the target, with 98% of staff recruited to the Emergency Operations team having completed Intermediate level training plus participation in an exercise or event. In addition, we have 100% of the roles within the EOC functions filled which ensures RLC capability to respond to any emerging emergency event or disaster. | 82% (YTD average) |


● Not Measured
 ● Achieved
 ● Not Achieved


Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Community Leadership

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 8,720 | 8,736 | 10,603 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | 510 | 522 | 93 |
| Fees and charges | - | - | 1,667 |
| Internal charges and overheads recovered | 23,894 | 25,192 | 29,506 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,405 | 2,458 | 514 |
| Total operating funding (A) | 35,529 | 36,908 | 42,383 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 22,458 | 22,896 | 24,117 |
| Finance costs | 1,252 | 1,171 | 984 |
| Internal charges and overheads applied | 9,027 | 9,523 | 11,362 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 32,737 | 33,590 | 36,463 |
| Surplus (deficit) of operating funding (A – B) | 2,792 | 3,318 | 5,919 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (1,651) | (1,933) | 1,898 |
| Gross proceeds from sale of assets | 4,000 | 2,000 | (0) |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 2,349 | 67 | 1,898 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | 4,303 | 2,256 | (8) |
| • to replace existing assets | 838 | 1,129 | 5,240 |
| Increase (decrease) in reserves | - | - | 1,305 |
| Increase (decrease) of investments | - | - | 1,279 |
| Total applications of capital funding (D) | 5,141 | 3,385 | 7,817 |
| Surplus (deficit) of capital funding (C – D) | (2,792) | (3,318) | (5,919) |
| Funding balance ((A - B) + (C - D)) | 0 | - | - |

Te Whakamahere me te Whakature Planning and Regulatory

Rotorua Vision 2030 Goals | Community Outcomes

 Papa whakatipu
Outstanding places to play

 Waahi pūmanawa
Vibrant city heart

Why we do it – How does this affect you?

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

What we do

- Develop the District Plan that will support integrated solutions to encourage and support growth and investment
- Develop and align policy and bylaws to focus delivery of services towards achievement of the Rotorua Vision 2030
- Deliver efficient and effective consent process for all land development and building projects

Activities include:

- Animal Control
- District Plan policy, development and implementation
- Inspection/Compliance
- Building Services – consenting, inspections
- Consenting – Resource Management Act

Effects on the community

The activities here are complementary to building a thriving and developing district. District Planning, Consenting and Buildings services supports the sustainable growth of the district while ensuring Rotorua’s unique environment is protected. Whilst Animal Control and Inspection/Compliance ensure that people feel safe in public spaces and places by creating a sense of place, identity and pride.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|---|---|---|---|
|  SOCIAL |  ECONOMIC |  ENVIRONMENTAL |  CULTURAL |

Measuring our performance

Planning and Regulatory

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

| Activity | Level of service | How will it be measured? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|----------------|-----------------------|---|----------------|----------------|---|-------------------|
| Animal Control | Compliance | 100% of known dogs registered or served with a notice to register by 30 June annually. | 100% | 100% | 12,271 dogs registered or notice served at 30 June 2021 based on the 12,157 dogs listed in the RLC database. This is an increase of 308 from last year. Once again this year's result has been helped by a text campaign and door to door follow up and was accompanied by registration reminder signage on Council Animal Control vehicles. | 102% |
| Inspection | Compliance | 100% of all licensed premises in the very high or high risk category are inspected under the Sale and Supply of Alcohol Act twice annually. | 100% | 96% | This measure has not been achieved. 23 out of the 24 premises received both a first and second inspection. Unable to carry out the second inspection for the last remaining premise due to inspection scheduling difficulties. This premise has late opening hours and a suitable arrangement unfortunately could not be made prior to the end of the Financial Year. This is the third year for this measure in this cycle and it is of note that the number of these types of premises has reduced further from 28 to 24 over this time. | 88% |
| | Compliance | 100% of all licensed premises in the high risk category are inspected under the Food Act twice annually. | 100% | Not Measured | A change to the Food Act legislation has now been implemented which means the methodology behind this measure is no longer required. The method has changed from inspections/risks to verifications therefore the ranking system is now different. This KPI will be deleted in future years. | Not Measured |
| | Customer satisfaction | Percentage of noise control complainants very/fairly satisfied with the complaint handling process. | 90% | 82% | The major reasons why people may have been unsatisfied were the length of time responding to complaint and limited action seen to be taken. | 84% (YTD average) |

● Not Measured
 ● Achieved
 ● Not Achieved

| Activity | Level of service | How will it be measured? | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|--------------------------------|-----------------------|--|----------------|----------------|--|-------------------|
| Planning/Policy and Consenting | Timeliness | Percentage of consents processed within 15 working days. (Land Use) | ≥60% | 37% | The time taken on resource consents is largely dependent on the complexity of the application and input required. A lot of applicants require draft consent conditions which takes additional time, but achieves better outcomes. In terms of streamlining 'simple' land use consent applications these are processed quickly. Controlled Activities were processed 63% of the time before day 15 while resource consents required for infringement of a building to a adjoining neighbouring boundary were processed 88% of the time before day 15. Land use consents that require greater judgement (ie whether to notify the application, whether to grant or decline the application, further information required, draft consent conditions worked through with the applicant) results in land use consents taking longer to process. | 49% (YTD average) |
| | Timeliness | Percentage of consents processed within 15 working days. (Subdivision) | ≥25% | 3% | Based on the level of assessment and statutory requirements for subdivision consents it is a real challenge to achieve this measure. Generally subdivision consents, with increased growth in the District, are more complex due to size and scale of the subdivision and/or ground conditions of the land. The time taken on resource consents is largely dependent on the complexity of the application and input required. A lot of applicants require draft consent conditions which takes additional time, but achieves better outcomes. | 20% (YTD average) |
| | Timeliness | Percentage of consents processed within 15 working days. (Building Consents) | ≥60% | 51% | While the number of building consents did not exceed last year, the complexity and value of building consents was significantly higher (value of Building Consents approximately \$212,000,000 at 30 June 2021 vs approximately \$136,000,000 at 30 June 2020; 280 consented dwellings at 30 June 2021 vs 170 at 30 June 2020). Complexity relates to size of building application re residential/commercial building as opposed to standard building consents for installation of fire places etc. | 89% |
| | Customer satisfaction | Percentage of customers very/fairly satisfied with the consenting process. | ≥80% | 51% | Satisfaction with the consenting process received 51% this year and is a slight increase on last year with the major reasons for dissatisfaction being expensive, communication difficulties and a frustrating/stressful and slow process. These issues are going to be addressed in the new operating model for District Development. | 50% (YTD average) |


● Not Measured ● Achieved ● Not Achieved


Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Planning and Regulatory

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,500 | 2,615 | 1,825 |
| Targeted rates | - | - | 3 |
| Subsidies and grants for operating purposes | - | - | 42 |
| Fees and charges | 4,355 | 4,451 | 5,234 |
| Internal charges and overheads recovered | 61 | 62 | 29 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,710 | 1,747 | 2,546 |
| Total operating funding (A) | 8,625 | 8,875 | 9,679 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 6,335 | 6,455 | 9,492 |
| Finance costs | 8 | 15 | 67 |
| Internal charges and overheads applied | 2,267 | 2,390 | 2,649 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 8,611 | 8,860 | 12,208 |
| Surplus (deficit) of operating funding (A – B) | 15 | 15 | (2,529) |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 138 | 142 | 130 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 138 | 142 | 130 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | - | - | - |
| • to replace existing assets | 153 | 157 | 34 |
| Increase (decrease) in reserves | - | - | (2,433) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 153 | 157 | (2,399) |
| Surplus (deficit) of capital funding (C – D) | (15) | (15) | 2,529 |
| Funding balance ((A - B) + (C - D)) | (0) | - | - |

Tō Tātau Whanaketanga District Development

Rotorua Vision 2030 Goals | Community Outcomes

 Papa whakatipu
Outstanding places to play

 Waahi pūmanawa
Vibrant City Heart

Why we do it – How does this affect you?

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

What we do

- Contracts to our council controlled organisation, Rotorua Economic Development to implement initiatives that increase the prosperity of our local economy.
- Work to bring visitors to Rotorua by strengthening local market brand positioning and targeting growth markets. This is done in partnership with Rotorua tourist operators, wider regional connections and Tourism NZ.
- Work with external agencies to develop and improve the local economy.

Activities include:

- Key project planning linked to Rotorua Vision 2030
- Tourism
- Economic Development
- Airport

Effects on the community

Through this group of activities we strive to create community wealth and a sustainable economy by promoting Rotorua as a unique destination, as a great place to live, work, play, visit and invest. A strong economy supports community wellbeing providing jobs for our people. Increased economic development and progress can have perceived negative effects; not everyone in the community wants the population of Rotorua to continue to grow and to prosper.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|---|---|---|---|
|  SOCIAL |  ECONOMIC |  ENVIRONMENTAL |  CULTURAL |

Measuring our performance

District Development

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

| Activity | Level of service | How will it measured ? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|----------------------|------------------|--|--------------------|----------------|---|----------------|
| Airport | Utilisation | Number of passenger movements at the Rotorua Airport | 242,664 | 179,500 | Overall COVID-19 has seriously affected the aviation transportation sector with the loss of international tourism, and disruption to domestic schedules/ capacity with alert level restrictions. Given this, aviation passenger numbers for the FY21 were reforecast to be significantly lower than FY20. Positively though Air NZ rebalanced their domestic schedules and with a surge in domestic tourism, the passenger movements recovered significantly with both the Wellington and Christchurch sectors being strong performers. | 205,143 |
| Economic Development | Prosperity | Rotorua's GDP growth is above the average GDP growth of New Zealand. | Achieved | Not Achieved | GDP in Rotorua District was provisionally up 2.9% for the year to June 2021 compared to a year earlier. Growth was lower than in New Zealand (4.2%). Rotorua district is still feeling the effects of the pandemic with accommodation, hospitality and tourism still impacted with the loss of international tourism. The method for measuring GDP has been changed which has resulted in showing the GDP in Rotorua being lower than the national average. The method of measurement has changed nationally as a result of the Infometric model being changed across all local authorities. A new measure for distinguishing prosperity will need to be developed. | Not Achieved |
| | Satisfaction | The business confidence within the Rotorua district is above the average business confidence across New Zealand. | Achieved | Not Achieved | Measured twice yearly in December and June. Business confidence results in December 2020 were +0.9 for Rotorua compared to +9.4 for NZ. Business confidence results in June 2021 were -14.1 for Rotorua compared to -0.6 for NZ. Result for December and June -6.6 for Rotorua compared to + 4.4 for NZ. | Achieved |
| | Utilisation | Number of Retail and Office spaces not tenanted in the CBD | 130 | 156 | An annual survey was undertaken by TelferYoung - CBD Vacancy survey (December 2020). There are now 77 vacant retail tenancies, compared with 62 in December 2019, the bulk of this increased vacancy appears to have occurred post COVID-19 lockdowns. There were 79 vacant office tenancies which is a dramatic increase due to a release of a new office complex of multiple very small offices on the corner of Eruera and Tutanekai Streets that were not included in 2019 as they were still under construction. Buyer confidence and demand still is very strong, however, tenant confidence especially in retail is not as strong. The flow on effect of COVID-19 may not yet have fully emerged and the effects could be even greater should a further lockdown occur. | 113 |
| | Utilisation | Number of electronic transactions in the CBD | Establish Baseline | Not measured | Data for this measure needs to be purchased externally. The cost for this data set proved to be prohibitive for a one-off result. | Not measured |

● Not Measured ● Achieved ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for District Development

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 3,918 | 4,011 | 942 |
| Targeted rates | 5,558 | 5,626 | 6,242 |
| Subsidies and grants for operating purposes | 30 | 30 | 3 |
| Fees and charges | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 669 | 642 | 523 |
| Total operating funding (A) | 10,175 | 10,309 | 7,709 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 9,104 | 9,197 | 9,755 |
| Finance costs | - | - | 286 |
| Internal charges and overheads applied | 596 | 632 | 777 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 9,700 | 9,829 | 10,819 |
| Surplus (deficit) of operating funding (A – B) | 475 | 480 | (3,110) |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (424) | (2,429) | 552 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | (424) | (2,429) | 552 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | - | - | 14 |
| • to replace existing assets | 51 | 52 | - |
| Increase (decrease) in reserves | - | - | (2,572) |
| Increase (decrease) of investments | - | (2,000) | - |
| Total applications of capital funding (D) | 51 | (1,948) | (2,558) |
| Surplus (deficit) of capital funding (C – D) | (475) | (481) | 3,110 |
| Funding balance ((A - B) + (C - D)) | (0) | (1) | - |

Ngā Hākinakina, Te Mahi ā Rēhia me te Taiao

Sport, recreation and environment

Rotorua Vision 2030 Goals | Community Outcomes



Papa whakatipu
Outstanding places to play



Waahi pūmanawa
Vibrant city heart

Why we do it – How does this affect you?

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

Activities include:

- Garden's, Reserves and Sportsgrounds
- Aquatic Centre
- Lake access facilities

The council provides and manages 800 hectares of reserve land (excluding the Tokorangi Forest), 74 kilometres of walkways, 80 playgrounds with 283 individual pieces of play equipment, and 50 hectares of sportsfield land. These open spaces provide for recreation and organised sport, garden environments and green corridors that contribute to the district's natural form, character and amenity values.

The council is responsible for the maintenance of walking and mountain bike 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 council supported partners and volunteer track adoptees.

The council also manages an extensive range of lake access facilities including 34 boat ramps and 41 jetties in the Rotorua and Waikato River lakes. These provide important and highly valued access points to water based recreational activities for local lakeside communities and many national and international visitors.

The Aquatic Centre 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, 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. The centre also offers swim programmes targeting all age groups including the Unison Lake Safety Programme (major sponsor Unison Networks Limited) and "Making a Difference" (major sponsors RECT and Water Safety NZ).

Effects on the community

Our parks and recreation facilities protect, restore and enhance Rotorua's beautiful green landscape and offer community spaces for leisure and recreation. The spaces also protect the city's heritage and contribute to people's pride in how Rotorua looks and feels.

Our cemeteries and crematorium provide burial and cremation services in park-like settings where people can remember loved ones. Potential negative effects on the community from this activity, such as leachate from burial grounds and cremator unit discharges, are managed through soil and water testing, resource consent conditions and regular maintenance.



Measuring our performance

Sports Recreation and Environment

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

| Activity | Level of service | How will it measured ? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|-------------------------------------|-----------------------|---|----------------|----------------|--|----------------|
| Gardens, Reserves and Sportsgrounds | Utilisation | The number of Gardens, Reserves and Sportsgrounds bookings | ≥1,650 | 2962 | Summer reserve space bookings again increased and the overall annual target has been well exceeded. | 2415 |
| | Customer satisfaction | Percentage of customers very/fairly satisfied with Gardens, Reserves and Sportsgrounds. | 85% | 97% | Park Check Surveys of park users are undertaken over the Q2 and Q3 summer period. The 2020-21 year average is the highest since 2016 with destination parks scoring the highest levels of user satisfaction. | 93% |
| Aquatic Centre | Utilisation | Number of visitors to the aquatic centre per year. | ≥350,000 | 381,271 | Target met for full year attendance despite another COVID-19 L2 restriction on numbers allowed in space and six-month closure of 50m pool while being refurbished. | 336,452 |
| | Customer satisfaction | Percentage of customers very/fairly satisfied with Aquatic Centre. | 80% | 85% | Surveys of pool users showed that pool water temperature issues was a major concern. This was due to problems with aged control systems needing replacement and awaiting parts. This has been rectified. The new 50m pool is now producing increased overall satisfaction. | 95% |
| | Utilisation | Number of lessons in Learn to Swim School programmes per term | ≥11,000 | 17,134 | CLM Swim school enrolments and participation are maintaining high levels through the year. Outreach programmes such as Unison Lakes Safety and local school pools "Making the Difference" programmes are increasing in popularity. | 18,527 |
| | Customer satisfaction | Percentage of users that are satisfied with the swim school level of service | ≥80% | 92% | Satisfaction showed small drop in swim school satisfaction and likely affected by overall satisfaction being lowered due to water temperature concerns. Overall result is well above target. | 100% |

● Not Measured ● Achieved ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Sport, Recreation and Environment

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 15,631 | 17,128 | 15,073 |
| Targeted rates | - | - | 287 |
| Subsidies and grants for operating purposes | 3 | 3 | 341 |
| Fees and charges | - | - | 658 |
| Internal charges and overheads recovered | 8 | 10 | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 818 | 835 | 315 |
| Total operating funding (A) | 16,460 | 17,975 | 16,674 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 10,732 | 10,953 | 13,075 |
| Finance costs | 1,770 | 2,226 | 1,375 |
| Internal charges and overheads applied | 901 | 933 | 1,085 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 13,402 | 14,112 | 15,534 |
| Surplus (deficit) of operating funding (A – B) | 3,058 | 3,863 | 1,140 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 1,022 | 344 | 8,592 |
| Development and financial contributions | - | - | 669 |
| Increase (decrease) in debt | 10,302 | 7,246 | 2,650 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 11,324 | 7,590 | 11,911 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | 9,719 | 8,183 | 16,392 |
| • to replace existing assets | 4,663 | 3,270 | 4,965 |
| Increase (decrease) in reserves | - | - | (8,307) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 14,382 | 11,453 | 13,051 |
| Surplus (deficit) of capital funding (C – D) | (3,058) | (3,863) | (1,140) |
| Funding balance ((A - B) + (C - D)) | 0 | - | - |

Ngā Huarahi me ngā Ara Roads and Footpaths

Rotorua Vision 2030 Goals | Community Outcomes



He hāpori pūmanawa
A resilient community



Waahi pūmanawa
Vibrant city heart

Why we do it – How does this affect you?

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

Activities include:

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

Effects on the community

We provide a safe, reliable and sustainable transport system that is accessible to everyone. Our transportation network is essential to our economy. We have been working alongside Waka Kotahi to ensure upgrades to our major arterial routes in and out of the district provide for connectivity and safety across the district. Negative effects of transportation include air pollution and noise from traffic, potential loss of natural heritage areas and roads creating barriers to the community. Our network of cycleways across the district encourages the community to use alternative sources of transportation other than the car.

The potential for injury is an inherent risk in using transportation of any kind and safety for all road network users is a primary concern for us. While there are many factors that contribute to serious injuries and fatalities on our roads that we cannot control, we maintain the aspiration to reduce the incidence of these in Rotorua and work hard to improve safety where we can influence it.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

Measuring our performance

Roads and Footpaths

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

| Activity | Level of service | How will it be measured? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|---------------------|------------------|--|----------------|---|--|--|
| Roads and Footpaths | Safety | The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. | ≤-1 | 1 fewer fatality and 9 fewer serious injuries compared to 2019/20 | Previous year data from crash database indicates: 2018/19- Fatal 6 Serious Injuries 13 2019/20- Fatal 3 Serious Injuries 24 2020/21- Fatal 2 Serious Injuries 15 Police crash reports have not identified road condition as a contributing factor, however if any road conditions were to be a contributing factor correction actions would be taken. | 3 fewer fatalities and 11 fewer serious injuries compared to 2018/19 |
| | Condition | The average quality of ride on a sealed local road network, measured by smooth travel exposure. | ≥75% | 90% | RAMM updated 31 July-21 Result indicates that Council's road reseals and reseals design achieve the target surface condition. NZTA's technical evaluation supports this outcome. Considerable effort is made each year to optimise resurfacing treatments for Rotorua's extensive roading network. The effort made each year to optimise pre-seal preparation and detailed design for each treatment length to ensure maximum waterproofness as risk reduction measures, and achieves better results for riding condition. | 89% |
| | Maintenance | The percentage of the sealed local road network that is resurfaced. | ≥8% | 6% | The total reseal programme for 2020-21 was reduced from the previous years of 67km to 53km due to budget constraints. The reduced reseal programme of 53km has been 100% completed (6% of our sealed network of 872kms). However the measure is not achieved as the target is set for 8% of the sealed network of 872kms which is 67km. | 7.7% |
| | Condition | The percentage of footpaths that are condition four (4) or better. | ≥98% | 99% | The annual network representative audit conducted in March 2021 of a 10% sample of footpaths identified that none of those were at condition 5 (requiring immediate replacement) so all are now in condition 4 or better. On a total network basis, >99% have a condition rating four (4) or better. | 99% |

● Not Measured ● Achieved ● Not Achieved

| Activity | Level of service | How will it be measured? | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|---------------------|------------------|--|----------------|----------------|---|----------------------|
| Roads and Footpaths | Response time | The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days. | ≥90% | 86% | All of the 1008 'public' maintenance requests (dispatches) received an immediate response through logging directly to the Asset Management System, and of the 584 'Transport' complaints and/or new service requests, 369 were responded to within five working days. Therefore 86% of the total 1592 enquires were responded to within five working days. | 84% |
| | Utilisation | Number of Cyways users (Average Daily use) | 279 | 287 | Reporting shows the daily average across all four monitoring sites. Kuirau Park: daily average 44 cyclists/day Fenton St: daily average 75 cyclists/day Ngongotaha Trail: daily average 90 cyclists/day Amohau St: daily average 81 cyclists/day Compared to previous year Kuirau Park has dropped, possibly with the construction of the Pukuatua Shared pathway. This year Amohau Street counter has been able to collect a full year of data. Ngongataha trail numbers are down, no obvious reason as there has been no infrastructure changes, however the increase last year could be the surge of use over the one month period during Alert Level 4 lockdown. | 287 (YTD average) |

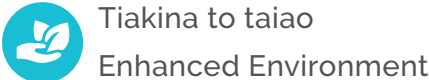
● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Roading and Footpaths

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 11,220 | 11,623 | 12,271 |
| Targeted rates | - | - | 1 |
| Subsidies and grants for operating purposes | 3,098 | 3,166 | 4,920 |
| Fees and charges | - | - | 111 |
| Internal charges and overheads recovered | 30 | 33 | 12 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,330 | 2,381 | 777 |
| Total operating funding (A) | 16,677 | 17,203 | 18,093 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 8,838 | 9,027 | 10,209 |
| Finance costs | 2,396 | 2,527 | 1,569 |
| Internal charges and overheads applied | 2,422 | 2,539 | 2,952 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 13,655 | 14,093 | 14,730 |
| Surplus (deficit) of operating funding (A – B) | 3,022 | 3,110 | 3,363 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 4,623 | 4,725 | 6,158 |
| Development and financial contributions | - | 261 | - |
| Increase (decrease) in debt | 1,433 | 1,263 | 3,024 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 6,055 | 6,249 | 9,183 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | 2,269 | 2,319 | 5,875 |
| • to replace existing assets | 6,809 | 7,041 | 5,814 |
| Increase (decrease) in reserves | - | - | 857 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 9,077 | 9,359 | 12,545 |
| Surplus (deficit) of capital funding (C – D) | (3,022) | (3,110) | (3,363) |
| Funding balance ((A - B) + (C - D)) | (0) | - | 0 |

Parakaingaki me te Wai-para Sewerage and sewage

Rotorua Vision 2030 Goals | Community Outcomes



Why we do it – How does this affect you?

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

Activities include:

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

Effects on the community

We manage the sewage and sewerage network to provide the district with services that are reliable and protect people’s health and our waterways. This is essential for a healthy community and our economy. If not monitored and managed appropriately, the service has the potential for negative environmental effects such as odour, noise and discharges into waterways. We manage these potential effects by complying with our resource consent conditions, managing treated sewage discharge quality, maintaining odour control devices at treatment plants, and upgrading or replacing infrastructure as necessary. Wastewater discharge practices can occasionally vary from Māori cultural beliefs and practices. We work closely with iwi/hapu in relation to the discharge of water in all our sewage activities and consult with local Iwi/hapu as part of the resource consent process.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|---|---|---|---|
|  SOCIAL |  ECONOMIC |  ENVIRONMENTAL |  CULTURAL |

Measuring our performance

Sewerage and Sewage

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.

| Activity | Level of service | How will it be measured? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|---------------------|-----------------------|--|-----------------------|--|---|---|
| Sewerage and sewage | System and adequacy | The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system. | ≤ 5/1000 connections | 2.23 / 1000 connections | 56 overflows reported from 25,109 properties rated for sewer. | 3.86 / 1000 connections |
| | Discharge compliance | Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents. | 0 | 0 | No abatement or infringement notices, enforcement orders or convictions were received. | 0 |
| | Fault response times | Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site. | ≤ 60 minutes | 31 minutes | The target of 60-minutes is the maximum tolerable response time to assess a fault in order to minimise health effects. Our contracts and notification systems are designed to achieve constant performance improvements inside the 60-minute response assessment envelope and provide a safe buffer zone. | 30 minutes |
| | Fault response times | Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault. | ≤ 180 minutes | 105 minutes | The target of 180-minutes is the maximum tolerable response time to correct a fault and minimise health effects. Our contracts and notification systems are designed to achieve constant performance improvements inside the 180-minute repair envelope and provide a safe buffer zone to the community. | 124 minutes |
| | Customer satisfaction | The total number of complaints received by the territorial authority about any of the following: • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system | ≤ 10/1000 connections | 30 odour 529 faults 90 blockages 1 response complaints Total 25.9 / 1000 connections | 650 complaints and service faults received from 25,093 properties rated for sewer. Important to note, that of the total faults recorded, 400 or 68% are related to Low Pressure Grinder Pump (LPGP) faults. These pumps were not originally included in setting the LTP KPI target and have adversely affected the full result. The targets have been adjusted in the LTP 2021/31 to account for the Low Pressure Grinder Pumps. | 15 odour 392 faults 85 blockages 2 response complaints Total 19.89 / 1000 connections |

● Not Measured ● Achieved ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Sewerage and Sewage

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted rates | 15,610 | 16,988 | 19,774 |
| Subsidies and grants for operating purposes | - | - | 1 |
| Fees and charges | 711 | 728 | 380 |
| Internal charges and overheads recovered | 431 | 443 | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 40 | 41 | 12 |
| Total operating funding (A) | 16,793 | 18,200 | 20,167 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 6,162 | 6,298 | 10,077 |
| Finance costs | 2,072 | 2,283 | 291 |
| Internal charges and overheads applied | 2,815 | 2,964 | 3,527 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 11,049 | 11,545 | 13,896 |
| Surplus (deficit) of operating funding (A – B) | 5,744 | 6,655 | 6,271 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 4,562 | 928 | 445 |
| Development and financial contributions | - | 262 | - |
| Increase (decrease) in debt | 6,311 | 244 | 562 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 10,873 | 1,434 | 1,007 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 123 | 126 | - |
| • to improve the level of service | 10,045 | 1,363 | 2,545 |
| • to replace existing assets | 6,449 | 6,600 | 6,130 |
| Increase (decrease) in reserves | - | - | (1,396) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 16,617 | 8,089 | 7,278 |
| Surplus (deficit) of capital funding (C – D) | (5,744) | (6,655) | (6,271) |
| Funding balance ((A - B) + (C - D)) | 0 | - | - |

Wai Āwhā

Stormwater and Land drainage

Rotorua Vision 2030 Goals | Community Outcomes



Tiakina to taiao
Enhanced Environment

Why we do it – How does this affect you?

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

Activities include:

- 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.

Effects on the community

We manage the piped stormwater network and stormwater overflow paths to minimise the impact of storm events on people, property and our environment. Having a reliable stormwater network is essential for a healthy community and thriving economy. Stormwater may contain contaminants, such as sediments, oils, greases, rubbish and metal/organic materials that have washed off roads or other surfaces. These are managed through network design and resource consents, which include regular street sweeping, monitoring stormwater quality and investigating the source of contaminants. The mixing of stormwater and its discharging into water bodies can conflict with Māori cultural beliefs and practices. We work closely with iwi/hapu in all our water-related activities and any new or renewals of consents.

| KEY IMPACT ON COMMUNITY WELLBEING | | | |
|-----------------------------------|------------------------|-----------------------------|------------------------|
| <p>SOCIAL</p> | <p>ECONOMIC</p> | <p>ENVIRONMENTAL</p> | <p>CULTURAL</p> |

Measuring our performance

Stormwater and Land Drainage

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.

| Activity | Level of service | How will it measured ? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|-----------------------|-----------------------|---|-------------------------------|-----------------------------|--|-----------------------------|
| Stormwater Operations | System adequacy | The number of flooding events that occur in a territorial authority district. | ≤ 2 | 0 | No habitable buildings flooded. | 0 |
| | System adequacy | For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system). | ≤ 0.5 / 1000 rated properties | 0 | No flooding events reported. | 0 |
| | Compliance | Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents. | 0 | 0 | No abatement or infringement notices, enforcement orders or convictions were received during the period. | 0 |
| | Response times | The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. | ≤ 60 minutes | 0 | No flooding events reported. | 0 |
| | Customer satisfaction | The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. | ≤ 20 / 1000 rated properties | 1.6 / 1000 rated properties | 45 service requests /complaints received from 28,378 rated properties. | 1.7 / 1000 rated properties |

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Stormwater and Land Drainage

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 5,532 | 6,063 | 4,977 |
| Targeted rates | - | - | 2 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 1 | 1 | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | 15 |
| Total operating funding (A) | 5,533 | 6,064 | 4,994 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,299 | 1,327 | 1,870 |
| Finance costs | 527 | 615 | 1,196 |
| Internal charges and overheads applied | 1,879 | 1,967 | 2,296 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 3,704 | 3,909 | 5,362 |
| Surplus (deficit) of operating funding (A – B) | 1,829 | 2,155 | (368) |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | 200 |
| Development and financial contributions | - | 262 | - |
| Increase (decrease) in debt | 1,837 | 1,333 | 2,306 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 1,837 | 1,595 | 2,506 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | 471 |
| • to improve the level of service | 666 | 682 | 3,649 |
| • to replace existing assets | 3,000 | 3,069 | 89 |
| Increase (decrease) in reserves | - | - | (2,071) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 3,666 | 3,750 | 2,137 |
| Surplus (deficit) of capital funding (C – D) | (1,829) | (2,155) | 368 |
| Funding balance ((A - B) + (C - D)) | - | - | - |

Te Whakahaere Para Waste management

Rotorua Vision 2030 Goals | Community Outcomes



Tiakina to taiao

Enhanced Environment

Why we do it – How does this affect you?

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

Activities include:

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

Effects on the community

Effective rubbish and recycling activities are essential for a healthy community and thriving economy. By reducing our resource consumption and reusing products, we can minimise the amount we need to recycle or dispose of and ultimately the rubbish we generate. Rotorua has identified it needs to find an additional means of waste management alongside its current waste collection and is proposing to introduce an organic waste collection service in year two of its 2021-2031 Long-term Plan. This will divert some 60% of waste materials currently being sent to landfill. The closed landfill site can potentially have negative effects on the environment and public health. To mitigate these effects, we monitor gas and leachate at the closed landfill sites and manage these sites within the requirements of our resource consents. We manage collection contracts and comply with our Waste Minimisation Strategy to minimise the likelihood of these events occurring.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

Measuring our performance

Waste Management

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

| Activity | Level of service | How will it measured ? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|------------------|-----------------------|--|-------------------------------|----------------|---|---------------------|
| Waste Management | Sustainability | Number of tonnes per annum of green + wood waste recovered. | ≥7,000 tonnes | 5718 tonnes | Measure has not been achieved as there are several green/wood waste collection facilities in Rotorua and there is a substantial amount of greenwaste going into the red bins. | 5133 |
| | Sustainability | Number of tonnes per annum of concrete waste recovered. | ≥1,500 tonnes | 1528 tonnes | With a relatively higher concrete collections in last two quarters, the target has been achieved | 1066 |
| | Sustainability | Increasing number of tonnes per annum of recycled material recovered. | ≥6,000 tonnes | 4968 tonnes | A lower than anticipated glass collection has reduced recycling tonnage. During the summer period glass collections were low, which could be attributed to a decrease in the number of tourists. Recycling in general has been impacted nationally due to the disruptions during COVID-19 lockdown, and some people are continuing to put recycling in rubbish bins. | 5342 tonnes |
| | Sustainability | Reduce the amount of rubbish/waste that is collected from kerbside collection per household. | ≤ 300 kg / household Per Year | 573kg | Target has not been met. There has been an excess of 273kg per household per year of additional rubbish collected. This result is higher than the 222kg excess per household for the 2019/20 year. About 30% of Rotorua's municipal waste is garden waste, which is primarily responsible for the high rubbish generation along with a growing population. Council are planning on introducing an organic waste collection into year 2 of the LTP 2021-2031 following public consultation. | 532kg per household |
| | Customer satisfaction | % residents very/fairly satisfied with Waste Management Systems | 90% | 82% | Lower result than that of 2019/20. There has been a lot of confusion nationally regarding recycling which has been highlighted by the media and perhaps influenced public perception. The major reasons people have been unsatisfied are issues with bin collection, rubbish transfer stations and the associated costs. Regular ongoing bin auditing for contamination continues and has been very unpopular given this resulted in some bins been rejected and customers having to remove contaminants and bring clean recyclables to the recycling centre. | 84% |
| | Compliance | Compliance with resource consent conditions at the landfill | 100% | 0 failure | A good landfill inspection and monitoring plan and improvements in leachate collection infrastructure have resulted in improved landfill conditions. | 0 failure |

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Waste Management

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 1,493 | 1,522 | 1,569 |
| Targeted rates | 5,911 | 6,026 | 5,838 |
| Subsidies and grants for operating purposes | - | - | 357 |
| Fees and charges | 952 | 972 | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | 1,120 |
| Total operating funding (A) | 8,356 | 8,521 | 8,883 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 7,152 | 7,309 | 8,205 |
| Finance costs | 27 | 6 | 15 |
| Internal charges and overheads applied | 711 | 733 | 597 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 7,889 | 8,047 | 8,817 |
| Surplus (deficit) of operating funding (A – B) | 467 | 473 | 66 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (467) | (473) | 29 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | (467) | (473) | 29 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | 17 |
| • to improve the level of service | - | - | - |
| • to replace existing assets | - | - | - |
| Increase (decrease) in reserves | - | - | 79 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | - | - | 96 |
| Surplus (deficit) of capital funding (C – D) | (467) | (473) | (66) |
| Funding balance ((A - B) + (C - D)) | (0) | - | (0) |

Te Tuku Wai Water supplies

Rotorua Vision 2030 Goals | Community Outcomes



Kāinga noho, kāinga haumarū
Homes that match needs

Why we do it – How does this affect you?

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

Activities include:

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.

Effects on the community

The supply of potable water to the Rotorua District is fundamental to a thriving community. Water is the source of life. The supply of water to Rotorua residents and businesses is about ensuring the provision of a reliable, high quality, safe and sustainable treated water supply. Water management practices can occasionally vary from Māori cultural beliefs and practices, including access to the source and the amount of the water considered appropriate to remove from the water source. We work closely with iwi/hapu in relation to the take and discharge of water in all our water management practices and consult with local iwi/hapu as part of the resource consent process.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

Measuring our performance

Water Supplies

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

| Activity | Level of service | How will it measured ? (Measures) | 2020/21 Target | 2020/21 Result | Year-end comment as at 30 June 2021 | 2019/20 Result |
|--------------|---|---|---------------------------|---|---|--|
| Water Supply | Safety of drinking water | Compliance with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria) | Achieved for all supplies | Bacterial Compliance All ten treatment plants and distribution zones = Yes Protozoal Compliance All ten treatment plants = Yes (Note-no protozoa compliance criteria for distribution zones) | All actual water supplied is fully compliant with the Drinking Water Standards for NZ. The ten treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs. | Bacterial Compliance All ten treatment plants = Yes Protozoal Compliance All ten treatment plants = Yes |
| | Maintenance of the reticulation network | The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this). | ≤ 25% | 26% | Measurement based on Water NZ water loss benchmarking methodology- Current Annual Real Losses. This measure combines all 10 water supplies (Urban and Rural). | 23% |
| | Fault response times | In response to a fault or unplanned interruption to its networked reticulation system, the median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site | ≤ 60 minutes | 24 minutes | Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to maintain service interruptions below the tolerable limit of 60-minutes. | 25 minutes |
| | Fault response times | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. | ≤ 210 minutes | 95 minutes | Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to repair service interruptions below the tolerable limit of 210-minutes. | 85 minutes |

● Not Measured
 ● Achieved
 ● Not Achieved

| Activity | Level of service | How will it be measured? | 2020/21 Target | 2020/21 Result | Year-end comment | 2019/20 Result |
|--------------|-----------------------|---|---------------------------------|---|--|--|
| Water Supply | Fault response times | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site | ≤ 1 day | 4 hours 26 minutes | Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to remedy the identified fault to minimise the effects on the public within the tolerable limit of 1 days. | 4 hours 39 minutes |
| | Fault response times | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. | ≤ 3 days | 18 hours 15 minutes | Our contract management model encourages constant improvement through collaboration, and overall this enables the performance and results to be kept consistently high. The objective is to remedy the identified fault to minimise the effects on the public within the tolerable limit of 3-days. | 19 hours 40 minutes |
| | Customer satisfaction | The total number of complaints received by the local authority about any of the following: <ul style="list-style-type: none"> drinking water clarity drinking water taste drinking water odour drinking water pressure or flow continuity of supply, and the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system. | ≤ 10 / 1000 connections | 9 clarity 17 taste 0 odour 32 pressure or flow 62 continuity complaints 15 service complaints Total = 5.18 / 1000 connections | 135 complaints from 26,040 connected properties. Our water quality and pressure is kept consistently high so complaints about these will be generally low. However with an ageing system such as ours, the need to undertake repairs is increasing and that impacts on the continuity of service. Continuity refers to the number of repairs needed where water loss is experienced. On an 800km network that is ageing like all others in the world, these will generally be the most common problems experienced. | 3 clarity 8 taste 0 odour 51 pressure or flow 92 continuity complaints 15 service complaint. Total = 6.49 / 1000 connections |
| | Demand management | The average consumption of drinking water per day per resident within the territorial authority district. | ≤ 320 litres per person per day | 282 litres per person per day | Figures based on domestic residential consumption using a sample of residential water meters which have been installed. | 339 litres per person per day |

● Not Measured
 ● Achieved
 ● Not Achieved

Rotorua Lakes Council: Funding Impact Statement for the year ended 30 June 2021 for Water Supplies

| | Long-term Plan 2019/20 (\$000) | Long-term Plan 2020/21 (\$000) | Actual 2020/21 (\$000) |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted rates | 9,596 | 9,960 | 10,954 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 8 | 9 | 18 |
| Internal charges and overheads recovered | 371 | 385 | 435 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 418 | 428 | 451 |
| Total operating funding (A) | 10,394 | 10,781 | 11,857 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 4,886 | 4,993 | 4,437 |
| Finance costs | 826 | 973 | 539 |
| Internal charges and overheads applied | 1,950 | 2,046 | 2,219 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 7,662 | 8,012 | 7,195 |
| Surplus (deficit) of operating funding (A – B) | 2,731 | 2,769 | 4,662 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | 43 |
| Development and financial contributions | - | 262 | - |
| Increase (decrease) in debt | 2,095 | 3,224 | 1,039 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 2,095 | 3,486 | 1,081 |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 308 | 2,679 | 259 |
| • to improve the level of service | 1,538 | 524 | 428 |
| • to replace existing assets | 2,981 | 3,052 | 3,535 |
| Increase (decrease) in reserves | - | - | 1,521 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 4,826 | 6,255 | 5,743 |
| Surplus (deficit) of capital funding (C – D) | (2,732) | (2,769) | (4,662) |
| Funding balance ((A - B) + (C - D)) | (0) | - | - |



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Icon key:



Accounting Policy



Critical accounting estimates and judgement

Auditors Report



Independent Auditor's Report

To the readers of Rotorua Lakes Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Rotorua Lakes Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 16 December 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 85 to 162:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2021;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 163, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the service performance information on pages 39 to 75:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 43 to 75, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 43 to 75, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 183 to 187, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Emphasis of matter – The Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 29 on page 162, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long term plan and annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the service performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 38, 77 and 84, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audits of the District Council and subsidiaries and our report on the disclosure requirements, we have audited the District Council's 2021-31 Long Term Plan and performed a limited assurance engagement related to the District Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Leon Pieterse

Audit New Zealand

On behalf of the Auditor-General

Tauranga, New Zealand

16 December 2021



Statement of compliance and responsibility

The governing body and management of Rotorua Lakes Council confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002, have been met.

Responsibility

The governing body and management of Rotorua Lakes Council accept responsibility for the preparation and completion of the financial statements and the related judgements. The governing body and management adopted the financial statements as presented here on 16 December 2021.

The governing body, the management of Rotorua Lakes Council and the Rotorua Lakes Council Group accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of Rotorua Lakes Council, the group annual report, for the year ended 30 June 2021 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.

Steve Chadwick

Mayor

16 December 2021

G. Williams

Chief Executive

16 December 2021

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

| Note | Council | | | Group | |
|------|---------|--------|--------|--------|--------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2021 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Revenue

| | | | | | | |
|---|----|----------------|----------------|---------|----------------|---------|
| Rates | 2a | 101,383 | 102,013 | 96,918 | 101,279 | 96,826 |
| Subsidies and grants | 2b | 25,222 | 46,306 | 22,477 | 26,077 | 22,477 |
| Development and financial contributions | 2c | 669 | - | 796 | 669 | 796 |
| Finance income | 3 | 688 | 134 | 889 | 169 | 346 |
| Other revenue | 2d | 15,700 | 12,031 | 15,803 | 19,940 | 22,089 |
| Total revenue | | 143,662 | 160,484 | 136,883 | 148,134 | 142,534 |

Expenses

| | | | | | | |
|---------------------------------------|----|-----------------|----------------|---------|-----------------|---------|
| Personnel costs | 4 | 29,008 | 27,668 | 28,683 | 41,328 | 42,004 |
| Depreciation and amortisation expense | 15 | 42,036 | 32,112 | 32,624 | 45,143 | 35,580 |
| Finance costs | 3 | 6,977 | 8,720 | 7,866 | 7,059 | 7,934 |
| Other expenses | 5 | 77,195 | 65,033 | 62,854 | 67,177 | 52,594 |
| Total expenses | | 155,216 | 133,533 | 132,027 | 160,707 | 138,112 |
| Surplus/(deficit) before tax | | (11,554) | 26,951 | 4,856 | (12,573) | 4,422 |
| Income tax expense | 6 | - | - | - | (481) | (104) |
| Surplus/(deficit) after tax | | (11,554) | 26,951 | 4,856 | (12,092) | 4,526 |

OTHER COMPREHENSIVE REVENUE AND EXPENSE

Items that could be reclassified to surplus/(deficit)

| | | | | | | |
|--|----|-------|---|-------|---|---|
| Net change in fair value of hedges | 20 | - | - | - | - | - |
| Net change in fair value of investment | 20 | 7,934 | - | (657) | - | - |

Items that will not be reclassified to surplus/(deficit):

| | | | | | | |
|--|----|----------------|---------------|--------|----------------|--------|
| Revaluation on property, plant and equipment | 20 | 98,685 | 18,245 | 56,666 | 102,846 | 56,339 |
| Revaluation on intangibles | 20 | 46 | - | 35 | 46 | 35 |
| Total other comprehensive revenue and expense | | 106,665 | 18,245 | 56,044 | 102,892 | 56,374 |
| Total comprehensive revenue and expense | | 95,111 | 45,196 | 60,900 | 90,800 | 60,900 |

* Actual rates revenue incorporates property rates and water rates expense on Council owned properties of \$2.4m (as per Note 2a). Budgeted revenues do not include these expenses. On a like for like basis, actual rates revenue is \$1.5m higher than budget.

Explanations of major variances against budget are provided in Note 27.

Statement of Financial Position

As at 30 June 2021

| Note | Council | | | Group | |
|------|---------|--------|--------|--------|--------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2021 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

ASSETS

Current assets

| | | | | | | |
|----------------------------------|----|---------------|---------------|--------|---------------|--------|
| Cash and cash equivalents | 7 | 6,256 | 7,197 | 31,496 | 9,125 | 33,758 |
| Receivables | 8 | 16,037 | 20,608 | 12,841 | 14,529 | 11,843 |
| Other financial assets | 10 | 1,000 | - | - | 1,224 | - |
| Inventories | 11 | 89 | - | 81 | 851 | 859 |
| Current tax receivables | 6 | 60 | - | 58 | 93 | 90 |
| Non-current assets held for sale | 12 | 2,161 | 1,400 | 831 | 2,161 | 831 |
| Total current assets | | 25,603 | 29,205 | 45,307 | 27,983 | 47,381 |

Non-current assets

| | | | | | | |
|--|----|------------------|------------------|-----------|------------------|-----------|
| Shares in associates | 9 | 22 | - | 150 | 22 | 150 |
| Other financial assets: | | | | | | |
| - Investment in CCO's and other similar entities | 10 | 61,311 | 54,081 | 51,757 | - | - |
| - Investment in other entities | 10 | 4,043 | 3,451 | 3,324 | 4,043 | 3,324 |
| Property, plant and equipment | 13 | 1,313,155 | 1,339,068 | 1,222,708 | 1,389,731 | 1,295,154 |
| Work in progress | 13 | 97,882 | - | 72,572 | 97,940 | 72,572 |
| Intangible assets | 14 | 2,556 | 8,046 | 3,068 | 2,736 | 3,509 |
| Loans & receivables | 8 | 16,363 | 14,400 | 17,331 | 90 | 122 |
| Total non-current assets | | 1,495,332 | 1,419,046 | 1,370,910 | 1,494,562 | 1,374,831 |
| Total assets | | 1,520,935 | 1,448,251 | 1,416,217 | 1,522,545 | 1,422,212 |

LIABILITIES

Current liabilities

| | | | | | | |
|----------------------------------|----|---------------|---------------|---------|---------------|---------|
| Payables and deferred revenue | 16 | 49,622 | 31,636 | 52,620 | 49,734 | 52,574 |
| Borrowings | 17 | 27,976 | 15,000 | 44,362 | 27,976 | 44,362 |
| Employee entitlements | 18 | 3,872 | 3,160 | 4,415 | 4,821 | 5,751 |
| Provisions | 19 | 18 | 77 | 18 | 29 | 74 |
| Total current liabilities | | 81,488 | 49,873 | 101,415 | 82,560 | 102,761 |

Non-current liabilities

| | | | | | | |
|--------------------------------------|----|------------------|------------------|-----------|------------------|-----------|
| Borrowings | 17 | 213,700 | 261,751 | 183,866 | 216,526 | 187,622 |
| Employee entitlements | 18 | 117 | 96 | 72 | 117 | 72 |
| Provisions | 19 | 1,862 | 3,382 | 2,207 | 1,862 | 2,207 |
| Deferred tax liabilities | 6 | - | - | - | 2,023 | 892 |
| Total non-current liabilities | | 215,679 | 265,229 | 186,145 | 220,528 | 190,793 |
| Total liabilities | | 297,167 | 315,102 | 287,560 | 303,088 | 293,554 |
| Net assets | | 1,223,768 | 1,133,149 | 1,128,657 | 1,219,457 | 1,128,657 |

EQUITY

| | | | | | | |
|--|----|------------------|------------------|-----------|------------------|-----------|
| Accumulated funds | 20 | 718,834 | 784,355 | 731,673 | 719,861 | 732,799 |
| Reserves | 20 | 504,934 | 348,794 | 396,983 | 499,596 | 395,858 |
| Total equity attributable to the Entity | | 1,223,768 | 1,133,149 | 1,128,657 | 1,219,457 | 1,128,657 |
| Total equity | | 1,223,768 | 1,133,149 | 1,128,657 | 1,219,457 | 1,128,657 |

Explanations of major variances against budget are provided in note 27.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2021

| | Note | Council | | | Group | |
|---|------|------------------|------------------|-----------|------------------|-----------|
| | | Actual | Budget | Actual | Actual | Actual |
| | | 2021 | 2021 | 2020 | 2021 | 2020 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July | | 1,128,657 | 1,087,953 | 1,067,757 | 1,128,657 | 1,067,757 |
| Surplus / (deficit) after tax | | (11,554) | 26,951 | 4,856 | (12,092) | 4,526 |
| Other comprehensive revenue and expense | 20 | 106,665 | 18,245 | 56,044 | 102,892 | 56,374 |
| Balance as at 30 June | | 1,223,768 | 1,133,149 | 1,128,657 | 1,219,457 | 1,128,657 |

Explanations of major variances against budget are provided in Note 27.

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021

| Note | Council | | | Group | |
|------|---------|--------|--------|--------|--------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2021 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Cash flows from operating activities

| | | | | | | |
|--|--|---------------|---------------|----------|---------------|----------|
| Receipts from rates revenue | | 100,260 | 101,569 | 94,993 | 100,232 | 94,900 |
| Receipts from other revenue | | 36,903 | 58,337 | 64,794 | 42,550 | 72,588 |
| Interest received | | 688 | 134 | 889 | 169 | 346 |
| Dividends received | | 30 | - | 205 | 30 | 205 |
| Payments to suppliers | | (67,964) | (63,574) | (62,204) | (58,094) | (52,130) |
| Payments to employees | | (29,506) | (27,668) | (27,305) | (42,213) | (40,447) |
| Interest paid | | (7,062) | (8,720) | (8,003) | (7,144) | (8,071) |
| Income tax paid | | - | - | (58) | 2 | (91) |
| Goods and Services Tax (net) | | (2,198) | - | 2,444 | (2,054) | 2,676 |
| Net cash flow from operating activities | | 31,151 | 60,078 | 65,755 | 33,478 | 69,977 |

Cash flows from investing activities

| | | | | | | |
|--|--|-----------------|------------------|----------|-----------------|----------|
| Receipts from sale of property, plant, and equipment | | 670 | 2,000 | 58 | 715 | 506 |
| Receipts from sale of intangible assets | | - | - | 81 | - | 81 |
| Loan advances repaid | | 31 | - | 58 | 32 | - |
| Receipts from sale or maturity of investments | | 320 | - | - | 320 | - |
| Purchase of property, plant and equipment | | (65,798) | (117,104) | (59,468) | (67,143) | (67,349) |
| Purchase of intangible assets | | (2,312) | - | (3,093) | (2,329) | (3,220) |
| Loan advances made | | - | (1,750) | - | - | 27 |
| Purchase of financial assets | | (2,750) | - | (123) | (2,224) | (90) |
| Net cash flow from investing activities | | (69,839) | (116,854) | (62,486) | (70,629) | (70,044) |

Cash flows from financing activities

| | | | | | | |
|--|--|---------------|---------------|----------|---------------|----------|
| Proceeds from borrowings | | 97,800 | 57,012 | 68,000 | 97,800 | 72,574 |
| Repayment of borrowings | | (84,300) | - | (46,500) | (85,225) | (47,474) |
| Payments of principal for finance leases | | (52) | - | - | (57) | - |
| Net cash flow from financing activities | | 13,448 | 57,012 | 21,500 | 12,518 | 25,100 |

| | | | | | | |
|---|---|-----------------|--------------|--------|-----------------|--------|
| Net increase / (decrease) in cash and cash equivalents | | (25,240) | 236 | 24,769 | (24,633) | 25,033 |
| Cash and cash equivalents at the beginning of the year | | 31,496 | 6,961 | 6,727 | 33,758 | 8,725 |
| Cash and cash equivalents at the end of the year | 7 | 6,256 | 7,197 | 31,496 | 9,125 | 33,758 |

* This includes amounts received and paid on behalf of and from Bay of Plenty Regional Council, New Zealand Transport Agency and petrol tax. Refer to Note 25 for further detail.

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows (continued)

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

| | Council | | Group | |
|---|-----------------|---------|-----------------|---------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Surplus/(deficit) after tax | (11,554) | 4,856 | (12,092) | 4,526 |
| Add/(less) non-cash items | | | | |
| Depreciation | 41,571 | 32,063 | 44,401 | 34,794 |
| Amortisation | 465 | 561 | 742 | 787 |
| Impairment of property, plant and equipment and intangible assets | 1,675 | 1,463 | 1,675 | 1,090 |
| Impairment of accounts receivable | 647 | 305 | 703 | 310 |
| Vested assets revenue | - | (1,613) | - | (1,613) |
| Decrease in landfill aftercare provision | (345) | (1,123) | (345) | (1,089) |
| Decrease in weathertightness provision | - | - | -50 | - |
| Share of associate's surplus | 128 | - | 128 | - |
| (Gains)/losses in fair value on investments through surplus and deficit | (910) | - | (40) | - |
| Total non-cash items | 43,231 | 31,657 | 47,214 | 34,279 |
| Add/(less) items classified as investing or financing activities | | | | |
| (Gains)/losses on disposal of property, plant, and equipment | 5,241 | - | 5,280 | - |
| (Gains)/losses in fair value of investments | - | (28) | - | (28) |
| Total items classified as investing or financing activities | 5,241 | (28) | 5,280 | (28) |
| Add/(less) movements in working capital items | | | | |
| Receivables | (458) | 3,389 | (821) | 5,822 |
| Prepayments | (1,770) | (272) | (1,865) | (213) |
| Inventories | (8) | 8 | 8 | 65 |
| Payables and deferred revenue | (2,688) | 23,699 | (3,063) | 22,968 |
| Provision for taxation | - | (58) | 2 | (89) |
| Provisions | (345) | 1,126 | (300) | 1,089 |
| Employee benefits | (498) | 1,377 | (885) | 1,558 |
| Net movement in working capital items | (5,767) | 29,270 | (6,924) | 31,200 |
| Net cash inflow/(outflow) from operating activities | 31,151 | 65,755 | 33,478 | 69,977 |

Notes to the financial statements

1 Statement of accounting policies

1.1 Reporting entity

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

The Rotorua Lakes Council group (Group) consists of the ultimate parent, Rotorua Lakes Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Rotorua Economic Development Limited (100% owned), InfraCore Limited (100% owned), and Kauae Cemetery Trust Board by special relationship. The Council's subsidiaries are incorporated and domiciled in New Zealand.

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

The Council has designated itself and the Group as public benefit entities (PBEs) to comply with generally accepted accounting practices and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE standards).

The financial statements of the Council and Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 16 December 2021.

1.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in the significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

The financial statements have been prepared on a going concern basis.

Statement of compliance

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

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration payment disclosure in Note 24 and related party disclosures in Note 23, which are rounded to the nearest dollar.

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

Changes in accounting policies

There have been no changes in accounting policy during the 30 June 2021 financial year.

Standards issued and not yet effective and not early adopted

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

Cash Flow Statements:

Amendments to PBE IPSAS 2 Cash Flow Statements is mandatory for annual periods beginning on or after 1 January 2021. This Standard establishes new requirements for entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Council plans to apply the new standard in preparing the 30 June 2022 financial statements. The Council and Group have assessed the effects of these amendments and conclude that they do not result in a material change to the Council and Group's reporting requirements.

Financial instruments:

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments which supersedes PBE IFRS 9 Financial Instruments and parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

It is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted. The main changes under PBE IPSAS 41 Financial Instruments are:

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

Council has elected to apply PBE IPSAS 41 prospectively from the date of application (in accordance with the transitional provisions of the standard), with no restatement of comparative information.

The Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council and Group are currently assessing the effects of the new standard.

Service Performance Reporting:

PBE FRS 48 Service Performance Reporting is mandatory for annual periods beginning on or after 1 January 2022. This Standard establishes new requirements for public benefit entities to select and present service performance information.

The Council plans to apply the new standards in preparing the 30 June 2023 financial statements. The Council and Group have not yet assessed the effect of this new standard, although the impact is unlikely to be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

1.3 Basis of consolidation

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the Group on a line by line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

The Group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidation of an entity begins from the date the Council and Group obtains control of the entity and ceases when the Council and Group loses control of the entity.

1.4 Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into functional currency (NZD) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit in the period they arise.

1.5 Goods and Services Tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense. Net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. Net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

1.6 Budget figures

The budget figures are approved by the Council in the Annual Plan 2020-21. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

1.7 Cost allocation

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

Direct costs:

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

Indirect costs:

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

There have been no changes to the cost allocation methodology during the year.

1.8 Impact of COVID-19

During August and September 2020, and February and March 2021, the Rotorua District moved into Alert Level 2 along with other parts of the country. In all other parts of the year, the Rotorua District remained in Alert Level 1.

- At Alert Level 2, the Council enforced stronger social distancing practices and noted lower patronage at community facilities. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.
- At Alert Level 1, the Council continued to run business as usual.

1.9 Critical accounting estimates and judgements

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- Note 13 provides information about the estimates and assumptions applied in determining the fair value of land, buildings, infrastructural assets and art collections.
- Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying Rotorua Lakes Council's accounting policies for the period ended 30 June 2021:

- Note 2 provides information about the judgements applied in accounting for donated or vested land and buildings with use or return conditions.
- Note 13 provides information about the judgements applied in determining the classification of property held.
- Note 22 provides information about the judgements applied in accounting for the suspensory loan from Housing New Zealand.

2 Revenue

Accounting Policy

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

**Critical accounting estimates and judgement***Accounting for donated or vested land and buildings with use or return conditions*

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



2a Rates

Accounting Policy

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

The following policies for rates have been applied:

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|---|----------------|---------------|----------------|---------------|
| General rates | 58,963 | 58,925 | 58,859 | 58,833 |
| Targeted rates attributable to activities: | | | | |
| - Water, excluding water supply rates | 5,706 | 5,029 | 5,706 | 5,029 |
| - Targeted water supply rates | 5,371 | 4,794 | 5,371 | 4,794 |
| - Sewerage | 18,650 | 15,847 | 18,650 | 15,847 |
| - Refuse and sanitation | 5,838 | 5,519 | 5,838 | 5,519 |
| - Lakes enhancement rate | 500 | 475 | 500 | 475 |
| - Eastern sewerage capital rates | 743 | 679 | 743 | 679 |
| - Business development targeted rates | 6,294 | 6,218 | 6,294 | 6,218 |
| - Urban sewerage development rates | 64 | 64 | 64 | 64 |
| Rates penalties | 1,638 | 1,676 | 1,638 | 1,676 |
| Less rates charges to Council properties | (2,384) | (2,308) | (2,384) | (2,308) |
| Total rates, excluding targeted water supply rates | 101,383 | 96,918 | 101,279 | 96,826 |

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Rates remissions

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

| | Council | | Group | |
|-----------------------------|--------------|------------|--------------|------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Total gross rates | 103,109 | 97,871 | 103,005 | 97,779 |
| Rates remissions: | | | | |
| - General rates remissions | 1,185 | 621 | 1,185 | 621 |
| - Targeted rates remissions | 541 | 331 | 541 | 331 |
| Total remissions | 1,726 | 953 | 1,726 | 953 |
| Rates (net of remissions) | 101,383 | 96,918 | 101,279 | 96,826 |

On 28 June 2021 the Land Valuation Tribunal reached a decision under the Rating Valuations Act 1998 in the matter of valuations between Ngati Whakaue Education Endowment Trust Board and Rotorua Lakes Council. The determination by the Tribunal resulted in the reassessment of rates on 74 properties owned by the Trust for the six rating years, 2016-2021, with a 15% deduction on the capital value. This resulted in a \$522,000 rates remission.

Non-rateable land

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

Rating base information

The number of rating units within the district or region of Rotorua Lakes Council at 30 June 2021 was 29,837 (2020: 29,742).

The total capital value of rating units within the district or region of Rotorua Lakes Council at 30 June 2021 was \$17,629,342,350 (2020: \$17,503,694,500).

The total land value of rating units within the district or region of Rotorua Lakes Council at 30 June 2021 was \$9,083,200,250 (2020: \$8,456,435,600).

2b Subsidies and grants

Accounting Policy

Waka Kotahi NZ Transport Agency (NZTA) roading subsidies

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

Other grants received

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



| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2021 \$'000 | Actual 2020 \$'000 | Actual 2021 \$'000 | Actual 2020 \$'000 |
| Waka Kotahi roading subsidies | 9,821 | 7,722 | 9,821 | 7,722 |
| Capital grants and subsidies | 13,354 | 13,980 | 14,206 | 13,980 |
| Other operating grants, subsidies and donations | 2,047 | 775 | 2,050 | 775 |
| Total subsidies and grants | 25,222 | 22,477 | 26,077 | 22,477 |

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2020:\$Nil).

During the financial year ending 30 June 2021 Council has recognised grant revenue of \$93,000 from the Department of Internal Affairs under the Three Waters Stimulus Programme, which is a three-year programme to reform local government three waters service delivery arrangements.

2c Development and financial contributions

Accounting Policy

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



| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2021 \$'000 | Actual 2020 \$'000 | Actual 2021 \$'000 | Actual 2020 \$'000 |
| Financial contributions | 669 | 796 | 669 | 796 |
| Total development and financial contributions | 669 | 796 | 669 | 796 |

2d Other revenue

Accounting Policy

Infringement fees and fines

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



Provision of commercially based services

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

Vested or donated physical assets

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

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

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

Donated and bequeathed financial assets

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

Dividend income

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

Building and resource consent revenue

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

Entrance fees

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

Sales of goods

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Other revenue

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Traffic and parking infringements | 1,446 | 1,172 | 1,446 | 1,172 |
| Rendering of services (other trading revenue) | 3,775 | 3,661 | 8,594 | 9,550 |
| Petrol tax | 624 | 579 | 624 | 579 |
| Vested assets | - | 1,613 | - | 1,613 |
| Dividend income | 30 | 205 | 30 | 205 |
| Fees and charges | 5,634 | 5,297 | 5,634 | 5,297 |
| Lease and rental revenue | 3,252 | 3,200 | 3,397 | 3,351 |
| Other revenue | 7 | 2 | 139 | 248 |
| Gain on disposal of property, plant & equipment | - | 46 | 14 | 46 |
| Gain/(loss) on fair value of investments | 932 | 28 | 62 | 28 |
| Total other revenue | 15,700 | 15,803 | 19,940 | 22,089 |

3 Finance revenue and costs

Accounting Policy

Interest income

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

Interest expense

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



| Actual | Actual | Actual | Actual |
|--------|--------|--------|--------|
| 2020 | 2019 | 2020 | 2019 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Finance income

| Interest income: | | | | |
|-----------------------------|------------|------------|------------|------------|
| -term and call deposits | 688 | 889 | 169 | 346 |
| Total finance income | 688 | 889 | 169 | 346 |

Finance costs

| Interest expense: | | | | |
|------------------------------|--------------|--------------|--------------|--------------|
| -interest on bank borrowings | 6,977 | 7,866 | 7,059 | 7,934 |
| Total finance costs | 6,977 | 7,866 | 7,059 | 7,934 |
| Net finance costs | 6,289 | 6,977 | 6,890 | 7,588 |

4 Personnel costs

Accounting Policy

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

Insufficient information is available to use defined benefit plan accounting as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 22.



| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Salaries and wages | 27,955 | 26,265 | 39,947 | 39,586 |
| Defined contribution plan employer contributions | 997 | 1,011 | 1,325 | 1,011 |
| Increase/(decrease) in employee entitlements | (499) | 1,377 | (499) | 1,377 |
| Restructuring | 555 | 30 | 555 | 30 |
| Total personnel costs | 29,008 | 28,683 | 41,328 | 42,004 |

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

Severance payments

During the year, Council did not make any severance payments to employees (2020: there was one severance payment consisting of \$16,000).

5 Other expenses

Accounting Policy

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.

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

Grant expenditure

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

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

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



| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Fees to auditors | | | | |
| - fees to Audit New Zealand for audit of the financial statements | 168 | 164 | 168 | 164 |
| - fees to Audit New Zealand for audit of the Council's Long Term Plan 2021-2031 | 106 | - | 106 | - |
| - fees to Audit New Zealand for audit of the Council's Long Term Plan 2018- 2028 amendment | - | 30 | - | 30 |
| - fees to Audit New Zealand for audit of the Council's debenture trust deed | 6 | 8 | 6 | 8 |
| - fees to Audit New Zealand for audit of the Council's subsidiaries' financial statements | - | - | 87 | 92 |
| - fees to Audit New Zealand for under provision of prior year audit fees | 15 | - | 21 | 6 |
| Grants and contributions | 2,232 | 1,241 | 2,232 | 1,241 |
| Contractors and physical works | 39,628 | 32,382 | 18,741 | 11,928 |
| Insurance premiums | 1,934 | 1,655 | 2,002 | 1,722 |
| Consultants and legal advice | 6,291 | 4,099 | 6,950 | 4,509 |
| Marketing and promotion | 210 | 209 | 1,710 | 1,428 |
| Energy | 3,006 | 4,279 | 3,240 | 4,507 |
| ACC | 61 | 65 | 197 | 186 |
| Bad debts written off | 573 | 697 | 575 | 698 |
| Elected member remuneration (incl. hearing fees) | 1,005 | 922 | 1,005 | 922 |
| Impairment of receivables | 647 | 271 | 647 | 271 |
| Loss on disposal of property, plant and equipment | 5,241 | 1,836 | 5,294 | 1,841 |
| Operating lease expense | 320 | 216 | 742 | 531 |
| Increase/(decrease) in landfill provision | (345) | (1,076) | (345) | (1,076) |
| Other expenditure | 14,456 | 14,967 | 22,158 | 22,698 |
| Impairment of other financial assets | - | - | - | (1) |
| Impairment of Property, Plant and Equipment | 1,580 | 806 | 1,580 | 806 |
| WIP Write-off- Property, Plant and Equipment | 61 | 83 | 61 | 83 |
| Total other expenses | 77,195 | 62,854 | 67,177 | 52,594 |

6 Taxation

Accounting Policy

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

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

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

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

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

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

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Components of tax expense

| | | | | |
|---|---|---|-------|-------|
| Current tax expense | - | - | (481) | (104) |
| Adjustments to current tax in prior years | - | - | - | - |
| Deferred tax expense | - | - | - | - |
| Tax expense | - | - | (481) | (104) |

Relationship between tax expense and accounting profit

| | | | | |
|---------------------------------------|----------|---------|--------------|--------------|
| Surplus/(deficit) before tax | (11,554) | 4,856 | (12,573) | 4,422 |
| Tax at 28% | (3,235) | 1,360 | (3,520) | 1,300 |
| Plus/(less) tax effect of: | | | | |
| Non-taxable revenue | - | (1,334) | (37) | (1,361) |
| Non-deductible expenditure | 3,534 | - | 3,784 | 6 |
| Loss to carry forward | - | - | 151 | 350 |
| Tax loss not recognised | (299) | (117) | (688) | (531) |
| Group loss offset | - | 91 | - | - |
| Deferred tax on temporary differences | - | - | - | 1 |
| Deferred tax adjustment | - | - | (156) | 100 |
| Deferred tax not recognised | - | - | (15) | 31 |
| Tax expense | - | - | (481) | (104) |

| Property, plant and equipment \$000 | Employee entitlements \$000 | Other provisions \$000 | Tax losses \$000 | Total |
|--|--------------------------------|---------------------------|---------------------|-------|
|--|--------------------------------|---------------------------|---------------------|-------|

Deferred tax assets/(liabilities)

| | | | | | |
|--|---------|----|----|-----|---------|
| Balance at 30 June 2019 | (1,027) | 15 | 15 | - | (997) |
| Charged to surplus or deficit | 99 | 1 | 4 | - | 104 |
| Charged to other comprehensive revenue and expense | - | - | - | - | - |
| Balance at 30 June 2020 | (928) | 16 | 19 | - | (892) |
| Charged to surplus or deficit | 285 | 7 | 14 | 175 | 481 |
| Charged to other comprehensive revenue and expense | (1,612) | - | - | - | (1,612) |
| Balance at 30 June 2021 | (2,255) | 23 | 33 | 175 | (2,023) |

A deferred tax asset has not been recognised in relation to the unused tax losses of Council of \$20,108,257 (2020:\$20,059,600), Group \$21,498,378 (2020: \$21,532,660).

The Group has unrecognised temporary tax differences of \$54,540 (2020: \$115,052).

7 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on 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.



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|--|--------------|--------|--------------|--------|
| Cash at bank and on hand | 6,256 | 31,496 | 9,125 | 33,758 |
| Total cash and cash equivalents | 6,256 | 31,496 | 9,125 | 33,758 |

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

Cash, cash equivalents and bank overdrafts include the above for the purpose of the Statement of Cash Flows.

8 Receivables

Accounting Policy

Short-term debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Loans to subsidiaries and associates, and community loans (loans and receivables)

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



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

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

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Current debtors and other receivables

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Rates receivables | 7,972 | 7,222 | 7,972 | 7,222 |
| Other receivables | 6,269 | 7,056 | 5,399 | 5,838 |
| GST receivable | 1,227 | - | 1,227 | 14 |
| Loans to subsidiaries (refer Note 10) | 937 | - | - | - |
| Finance lease receivables | 31 | 31 | 31 | 31 |
| Prepayments | 3,108 | 1,338 | 3,414 | 1,549 |
| Current gross receivables | 19,544 | 15,647 | 18,043 | 14,654 |
| Provision for impairment of receivables | (3,507) | (2,806) | (3,514) | (2,811) |
| Total current portion | 16,037 | 12,841 | 14,529 | 11,843 |

Non-current portion receivables

| | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Loans to subsidiaries (refer Note 10) | 16,273 | 17,210 | - | 1 |
| Finance lease receivables | 90 | 121 | 90 | 121 |
| Total non-current portion | 16,363 | 17,331 | 90 | 122 |
| Total receivables | 32,400 | 30,172 | 14,619 | 11,965 |

Total receivables comprise:

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Receivables from Non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates | 9,466 | 9,702 | 9,467 | 8,528 |
| Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates | 22,934 | 20,470 | 5,152 | 3,437 |
| Total | 32,400 | 30,172 | 14,619 | 11,965 |

Provision for impairment of receivables

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

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

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

·Section 90A: \$Nil (2020: \$Nil)

·Section 90B: \$Nil (2020: \$Nil)

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

The status of receivables as at 30 June 2021 and 2020 are detailed below:

| | 2021 | | | 2020 | | |
|--|--------|------------|--------|--------|------------|--------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council

| | | | | | | |
|----------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| Not past due | 26,548 | - | 26,548 | 24,317 | - | 24,317 |
| Past due 1-60 days | 2,305 | (192) | 2,113 | 2,660 | (212) | 2,448 |
| Past due 61-120 days | 111 | (22) | 89 | 101 | (5) | 96 |
| Past due > 121 days | 6,943 | (3,293) | 3,650 | 5,900 | (2,589) | 3,311 |
| Total | 35,907 | (3,507) | 32,400 | 32,978 | (2,806) | 30,172 |

Group

| | | | | | | |
|----------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| Not past due | 8,773 | - | 8,773 | 6,115 | - | 6,115 |
| Past due 1-60 days | 2,305 | (192) | 2,113 | 2,660 | (212) | 2,448 |
| Past due 61-120 days | 111 | (22) | 89 | 101 | (7) | 94 |
| Past due > 121 days | 6,944 | (3,300) | 3,644 | 5,900 | (2,592) | 3,308 |
| Total | 18,133 | (3,514) | 14,619 | 14,776 | (2,811) | 11,965 |

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

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

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Individual impairment | 572 | 606 | 572 | 606 |
| Collective impairment | 2,935 | 2,200 | 2,942 | 2,205 |
| Total provision for impairment | 3,507 | 2,806 | 3,514 | 2,811 |

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

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|------------------------------------|------------|------------|------------|------------|
| Not past due | - | - | - | - |
| Past due 1-60 days | 30 | 127 | 30 | 127 |
| Past due 61-120 days | - | 4 | - | 4 |
| Past due > 121 days | 542 | 475 | 542 | 475 |
| Total individual impairment | 572 | 606 | 572 | 606 |

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

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| As at 1 July | 2,806 | 2,501 | 2,811 | 2,501 |
| Additional provisions made during the year | 1,268 | 1,002 | 1,275 | 1,007 |
| Provisions reversed during the year | (83) | - | (83) | - |
| Receivables written-off during the period | (484) | (697) | (489) | (697) |
| At 30 June | 3,507 | 2,806 | 3,514 | 2,811 |

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

9 Associates

Accounting Policy

An associate is an entity over which the Council and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

Investments in associates are measured using the equity method in the Council and Group financial statements.

Equity method of accounting in Group financial statements

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council and Group's share of the change in net assets of the entity after the date of acquisition. The Council and Group's share of the surplus or deficit is recognised in the Council and Group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the Council and Group financial statements.

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

Associates of the Council and Group:

- Mountain Bike Events Limited
- Pukaki Trust
- Rotorua Museum Centennial Trust



| | Council | | Group | |
|---------------------------------|-----------|------------|-----------|------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Mountain Bike Events Limited | 22 | 150 | 22 | 150 |
| Pukaki Trust | - | - | - | - |
| Rotorua Museum Centennial Trust | - | - | - | - |
| Total associates: | 22 | 150 | 22 | 150 |

Mountain Bike Events Limited

For the purposes of the PBE IPSAS 34 – 38 standards, Mountain Bike Events Limited is assessed by Council as an associate due to Council having significant influence over the company. On balance the following key judgements and assumptions in making this assessment were:

- Council has the right to appoint two of a maximum of six directors thereby exerting influence but not power;
- Non-financial benefits arise from the company promoting major events in Rotorua;
- Council holds 4,900 shares out of a total of 10,000 shares, representing 49% of ordinary shares on issue; and
- Council has no control of the organisation but does have some rights and exposure to its variable benefits.

For the 30 June 2021 financial year, Council approved sponsorship funding of \$100,000. However, due to a delay in the Crankworx event only \$75,000 was paid during the 2021 year. Council funding for years 2022- 2027 will be \$250,000 per year. There is no binding arrangement in place with Mountain Bike Events Limited which would give rise to significant restrictions of any kind.

Pukaki Trust

Pukaki Trust was established by Trust Deed on 13 November 2001 to provide for the care, conservation and custody of the Pukaki carving on behalf of the Crown. It requires there to be four trustees represented as follows:

- Minister for Culture and Heritage;
- One Ngati Whakauae representative;
- One appointee of the Auckland Museum Trust Board; and
- One appointee of Rotorua Lakes Council.

For the purposes of the PBE IPSAS 34 – 38 standards, Pukaki Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment are:

- In accordance with the Trust Deed, Council has the right to appoint one of four trustees, giving it a 25% portion of influence over the Trust's policies, financial affairs and governance;
- Council derives a non-financial benefit from the Trust in the care and protection of a Crown taonga, the Pukaki carving;
- Council provides Pukaki Trust with funding; and
- Council performs the financial administration of the Trust.

Council pays the expenses of the Trust on its behalf and has not yet been reimbursed by the Trust. Council has no binding arrangements in place with the Pukaki Trust which would give rise to significant restrictions of any kind.

Rotorua Museum Centennial Trust

The Rotorua Museum Centennial Trust was established by Trust Deed on 17 March 2006 to raise funds to celebrate, in 2008, the centennial of Rotorua Museum and also to apply such funds towards a proposed expansion of the Rotorua Museum. The Trust's purpose is also to promote public awareness of, and interest in, care of the architectural and historic importance of the Rotorua Museum and its surroundings. Trustees may number up to twelve but no less than five. Mayor Stephanie Chadwick is a current Trustee of the Trust.

For the purposes of the PBE IPSAS 34 – 38 standards, Rotorua Museum Centennial Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment were:

- Council derives a non-financial benefit from the Trust in the enhancement and increased public awareness of, and interest in, Rotorua Museum and its surroundings;
- The Mayor of Rotorua is one of five appointed Trustees;
- The Trust Deed cannot be altered without a further resolution of the Council; and
- Council performs the financial administration of the Trust.

Council does not provide funding to the Rotorua Museum Centennial Trust and has no binding arrangements in place with the Trust which would give rise to significant restrictions of any kind.

10 Other financial assets

Accounting Policy

Shares in subsidiaries

- Rotorua Regional Airport Limited
- Rotorua Economic Development Limited
- InfraCore Limited
- Kauae Cemetery Trust Board

The Council and Group consolidates in the Group financial statements those entities it controls. Control exists where the Council and Group is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council and Group.

Investments in subsidiaries are measured at fair value through other comprehensive revenue and expense using the net asset backing value method in the Council financial statements. The net asset backing method is assessed as an appropriate fair value technique as the assets and liabilities on the entities' balance sheets are predominantly carried at fair value rather than cost.

Investments in subsidiaries are assessed at each year end for impairment. A significant or prolonged decline in the fair value of the investment below its costs is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

Shares in other entities

- BOP Local Authority Shared Services Limited
- Waikato Local Authority Shared Services Limited
- Civic Financial Services Limited

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

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

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

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

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

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



Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council is required to subscribe for when borrowing from LGFA being an amount equal to 2.5% of the amount borrowed (2020: 1.6%). LGFA will redeem borrower notes or convert to equity under specific circumstances when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cashflow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Current portion

| | | | | |
|------------------------------|--------------|----------|--------------|----------|
| Term deposits | 1,000 | - | 1,224 | - |
| Total current portion | 1,000 | - | 1,224 | - |

Non-current portion

Investment in CCO's and other similar entities:

| | | | | |
|--|---------------|---------------|----------|----------|
| Unlisted shares Rotorua Regional Airport Limited | 58,544 | 50,645 | - | - |
| Unlisted shares Rotorua Economic Development Limited | 431 | 396 | - | - |
| Unlisted shares InfraCore Limited | 2,336 | 716 | - | - |
| | 61,311 | 51,757 | - | - |

Investment in CCO's and other similar entities:

| | | | | |
|---|---------------|---------------|--------------|--------------|
| Unlisted shares Waikato Local Authority Shared Services Limited | 88 | 57 | 88 | 57 |
| Unlisted shares BOP Local Authority Shared Services Limited | 7 | 5 | 7 | 5 |
| Unlisted shares Civic Financial Services Limited | 169 | 163 | 169 | 163 |
| Borrower notes | 3,779 | 3,099 | 3,779 | 3,099 |
| | 4,043 | 3,324 | 4,043 | 3,324 |
| Total non-current portion | 65,354 | 55,081 | 4,043 | 3,324 |
| Total other financial assets | 66,354 | 55,081 | 5,267 | 3,324 |

Fair value:

| Subsidiaries | Rotorua Regional Airport Limited | Rotorua Economic Development Limited | InfraCore Limited |
|------------------|----------------------------------|--------------------------------------|-------------------|
| Number of shares | 28,645,000 | 100 | 2,366,081 |

| | | | |
|---|-------------------|----------------|----------------|
| Cost Price | 22,322,821 | 232,493 | 2,366,000 |
| Book value as at 1 July 2019 | 50,967,821 | 618,617 | 598,903 |
| Revaluation gain/(loss) through Other Comprehensive Revenue and Expense | (322,768) | (222,573) | - |
| Acquisition/(disposal) of shares | - | - | - |
| Revaluation gain/(loss) through Surplus/(Deficit) | - | - | 117,097 |
| Book value as at 30 June 2020 | 50,645,053 | 396,044 | 716,000 |

| | | | |
|---|-------------------|----------------|------------------|
| Book value as at 1 July 2020 | 50,645,053 | 396,044 | 716,000 |
| Revaluation gain/(loss) through Other Comprehensive Revenue and Expense | 7,899,354 | 35,336 | - |
| Acquisition/(disposal) of shares | - | - | 750,000 |
| Revaluation gain/(loss) through Surplus/(Deficit) | - | - | 870,281 |
| Book value as at 30 June 2021 | 58,544,407 | 431,380 | 2,336,281 |

| Other financial assets | Waikato LASS Limited | BOP LASS Limited | Civic Financial Services Limited |
|---|-----------------------------|-------------------------|---|
| Number of shares | 134,220 | 5 | 175,906 |
| Cost Price | 181,511 | 15,968 | 167,911 |
| Book value as at 1 July 2019 | 78,061 | 7,258 | 279,943 |
| Revaluation gain/(loss) through Other Comprehensive Revenue and Expense | - | - | (112,032) |
| Revaluation gain/(loss) through Surplus/(Deficit) | (21,083) | (2,451) | (4,469) |
| Book value as at 30 June 2020 | 56,978 | 4,807 | 163,442 |
| Book value as at 1 July 2020 | 56,978 | 4,807 | 163,442 |
| Revaluation gain/(loss) through Other Comprehensive Revenue and Expense | - | - | - |
| Acquisition/(disposal) of shares | - | - | - |
| Revaluation gain/(loss) through Surplus/(Deficit) | 31,402 | 2,584 | 5,779 |
| Book value as at 30 June 2021 | 88,380 | 7,391 | 169,221 |

Unlisted shares

Subsidiaries

Rotorua Regional Airport Limited

For the purposes of the PBE IPSAS 34 – 38 standards, Rotorua Regional Airport Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists; and
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry.

Rotorua Lakes Council and Rotorua Regional Airport Limited are subject to a Service Funding Agreement dated 18 February 2016. In the agreement, Council is committed to providing funding to the airport for a 20 year term due to the company purchasing the airport assets and maintaining acceptable levels of stewardship. Currently, the funding sits at \$211,267 excl GST per month. Rotorua Regional Airport Limited also has a loan from Council for the sum of \$14,400,000 which it is repaying on an interest-only basis in the short term.

Rotorua Economic Development Limited

For the purposes of the PBE IPSAS 34 – 38 standards, Rotorua Economic Development Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists, including a letter of comfort dated 11 September 2015 stating Council's intention to supply sufficient funding and support to the company to ensure it operates efficiently;
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry; and
- The activities of the company were predetermined by Council prior to incorporation.

Council provides monthly funding of \$364,166 (excl GST) to Rotorua Economic Development Limited as part of the Statement of Intent when the functions performed by the company were separated from within Council.

InfraCore Limited

For the purposes of the PBE IPSAS 34 – 38 standards, InfraCore Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A high level of economic dependence exists. Council have agreed in the Letters of Comfort dated 30 June 2016 and 19 August 2020 to provide working capital where necessary and support the success of the company; and
- The activities of the company were predetermined by Council prior to incorporation.

Council has no binding arrangements in place with InfraCore Limited which would give rise to significant restrictions of any kind. Council have however loaned InfraCore Limited amounts totalling \$2,810,000 pursuant to the loan agreement dated 22 June 2016.

Kauae Cemetery Trust Board

Kauae Cemetery Trust Board was formed by a Māori Land Court Order on 4 February 2003 and is controlled by a Board of eight trustees. Four of the trustees must be of Ngati Whakaue descent and four trustees represent Rotorua Lakes Council. The Board fixes the scale of fees, appoints a secretary, sexton and grave diggers. It has delegated the administrative operations of the urupa to Council.

For the purposes of the PBE IPSAS 34 – 38 standards, Kauae Cemetery Trust Board is assessed by Council as a subsidiary due to Council having a special relationship with the Trust. The key judgements and assumptions in making this assessment are:

- Council has the ability to direct the relevant activities of the Trust via a majority representation of Trustees;
- Council provides the majority of services to the Kauae Cemetery Trust Board including operational and administrative support; and
- Council derives some non-financial benefits from the Kauae Cemetery Trust Board activities, ie if the Trust Board did not provide cemetery services, the Council would have to provide an alternative for people in the district. The Trust Board and Council therefore have congruent activities. These non-financial benefits are deemed to be variable as the Council is exposed to the performance risk of the Trust Board.

Council has no binding arrangements in place with Kauae Cemetery Trust Board which would give rise to significant restrictions of any kind. Council does not provide financial support to Kauae Cemetery Trust Board.

Other financial assets

Civic Financial Services Limited

The cost price of the share investment in Civic Financial Services Limited amounts to \$167,911. The recoverable amount is approximated by using the net asset backing method and amounts to \$169,221 (2020: \$163,442). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is an increase of \$5,779 (2020: decrease of \$116,501). The Council holds 175,906 ordinary shares.

Council has no binding arrangements in place with Civic Financial Services Limited which would give rise to significant restrictions of any kind. The gain of \$5,779 was recognised through surplus/deficit this year (2020: loss of \$116,501).

Waikato Local Authority Shared Services Limited

The cost price of the share investment in Waikato Local Authority Shared Services Ltd amounts to \$181,511. The recoverable amount is approximated by using the net asset backing method and amounts to \$88,380 (2020: \$56,978). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is an increase of \$31,402 (2020: decrease of \$21,083). The Council holds 134,220 shares.

The Waikato LASS share investment comprises:

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

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

Council makes an annual contribution to the operating costs of Waikato Local Authority Shared Services Limited. The gain of \$31,402 was recognised through surplus/deficit this year (2020: loss of \$21,083).

Council has no binding arrangements in place with Waikato Local Authority Shared Services Limited which would give rise to significant restrictions of any kind.

BOP LASS Limited

The cost price of the share investment in BOP LASS Limited amounts to \$15,968. The recoverable amount is approximated by using the net asset backing method and amounts to \$7,391 (2020: \$4,807). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is an increase of \$2,584 (2020: decrease of \$2,451). The Council holds 5 ordinary shares.

Council makes an annual contribution to the operating costs of BOP LASS Ltd. The gain of \$2,584 (2020: loss of \$2,451) was recognised through surplus/deficit this year.

Council has no binding arrangements in place with BOP LASS Limited which would give rise to significant restrictions of any kind.

Impairment

A total impairment write-back of \$910,047 (2020: \$89,094) has been recognised in the surplus/deficit of the Statement of Comprehensive Revenue and Expense. This related to investment in subsidiaries and other entities.

11 Inventory

Accounting Policy

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

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

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

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

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

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Non-commercial inventory:

| | | | | |
|---|-----------|-----------|------------|------------|
| Water and sewerage reticulation spare parts | 36 | 28 | 319 | 287 |
| Other | 15 | 18 | 15 | 18 |
| Total non-commercial inventory | 51 | 46 | 334 | 305 |

Commercial inventory:

| | | | | |
|-----------------------------------|-----------|-----------|------------|------------|
| Nursery store | 8 | 5 | 388 | 394 |
| Museum retail stock | 30 | 30 | 30 | 30 |
| Other | - | - | 99 | 130 |
| Total commercial inventory | 38 | 35 | 517 | 554 |

| | | | | |
|--------------------------|-----------|-----------|------------|------------|
| Total inventories | 89 | 81 | 851 | 859 |
|--------------------------|-----------|-----------|------------|------------|

No inventories are pledged as security for liabilities (2020: \$Nil). However, some inventories are subject to retention of title clauses.

Non-commercial inventory

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2021 amounted to \$51,000 (2020: \$46,000).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2020: \$Nil). There have been no reversals of previous write-downs (2020: \$Nil).

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

Commercial inventory

The write-down of commercial inventory to net realisable value during the year amounted to \$Nil (2020: \$Nil). There have been no reversals of write-downs (2020: \$Nil).

12 Non-current assets held for sale

Accounting Policy

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

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

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

As at 30 June 2021, Council had a number of properties surplus to requirements and held available for sale. The sale of these assets are expected to be concluded within twelve months from balance date.

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Non-current assets held for sale are:

| | | | | |
|---|--------------|------------|--------------|------------|
| Land | 516 | 831 | 516 | 831 |
| Buildings | 1,645 | - | 1,645 | - |
| Total non-current assets held for sale | 2,161 | 831 | 2,161 | 831 |

13 Property, plant and equipment

Accounting Policy

Property, plant and equipment of the Council and Group are classified into three categories:

- **Operational assets**

These include property, plant and equipment used to provide core council services, either as a community service, for administration or as a business activity. These operational assets include land, buildings, library books, motor vehicles, art collections, plant and equipment, and landfill post-closure.

- **Infrastructure assets**

These include land under roads and systems and networks integral to the city's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded. These infrastructure assets include land, parks and reserves, recreational forests, roading and footpaths, sewerage assets and water assets. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

- **Restricted assets**

Restricted assets include property and improvements where the use or transfer of title outside the Group or the Council is subject to restrictions. This includes restrictions imposed by legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used). These restricted assets include airport infrastructure, land and landfill pre-closure.

Additions:

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

Initial recognition:

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

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

Subsequent costs:

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

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

Disposals:

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

Revaluations:

Land (operational, infrastructural, restricted and land under roads), buildings (operational and restricted), art collections, infrastructural assets (including landfill pre-closure) and airport are revalued at fair value with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years (except for airport assets which are at least every 5 years). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The value of recreational forests is at deemed cost. All other assets are carried at depreciated historical cost. Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

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

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

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. Stormwater channels are also considered to have an infinite life and are not depreciated. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of Rotorua Museum collections and the library reference collection are considered to be extremely long (with potential for appreciation of value). Therefore, due to its insignificance, no depreciation has been brought to charge.
- Vehicles are depreciated on the basis of diminishing value and at a rate of 20%, calculated to allocate motor vehicles' cost over their estimated useful lives.
- 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.



The expected lives of major classes of assets are:

Buildings

| | |
|---------------|---------------|
| Structure | 10 - 93 years |
| Services | 20 - 50 years |
| Fit-out | 5 - 40 years |
| Site specific | 2 - 20 years |

Plant and equipment

| | |
|--------------------|---------------|
| Parks and reserves | 1 - 100 years |
|--------------------|---------------|

Airport Assets

| | |
|--------------------------|--------------|
| Runway, Taxiways, Aprons | 7 - 77 years |
| Other paved areas | 10 years |
| Surround security fences | 7 years |

| | |
|------------------------------|----------------|
| Landfill improvements | 15 - 100 years |
|------------------------------|----------------|

Roads and footpaths

| | |
|--|----------------|
| Seals- first coat and base | 80 years |
| Seal- second coat | 20 years |
| Footpaths | 115 years |
| Streetlights (Poles, Brackets and Lamps) | 4 - 121 years |
| Bridges | 70 - 151 years |

Water

| | |
|---------------------------------------|----------------|
| Treatment plants & facilities | 5 - 100 years |
| Water and reticulation (other assets) | 10 - 130 years |

Sewage system

| | |
|--|----------------|
| Treatment plants & facilities | 3 - 100 years |
| Wastewater & reticulation (other assets) | 10 - 100 years |
| Stormwater drainage | 2 - 100 years |

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

Impairment of property, plant, and equipment

Property, plant and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. 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 balance is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

Recreation forestry assets

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

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

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

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

Investment property

Properties leased to 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 measured initially at its cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred, and excludes costs of day-to-day maintenance.

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, through valuation or retirement, are recognised in the surplus or deficit.



Critical accounting estimates and judgement

Classification of property

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





Council 2021

| Cost / revaluation 1 Jul 2020 | Accumulated depreciation and impairment charges 1 Jul 2020 | Carrying amount 1 Jul 2020 | Current year additions | Transfers from capital work in progress | Infrastructural Assets transferred to Council | Assets transferred (to) from held for sale |
|-------------------------------------|---|----------------------------------|------------------------------|---|--|--|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Operational assets

| | | | | | | | |
|---------------------------------|----------------|-----------------|----------------|----------|--------------|----------|----------------|
| Land | 60,662 | - | 60,662 | - | - | - | 315 |
| Buildings | 166,005 | (9,001) | 157,004 | - | 5,216 | - | (1,435) |
| Library books | 5,871 | (2,729) | 3,142 | - | - | - | - |
| Motor vehicles | 3,234 | (1,217) | 2,017 | - | 239 | - | - |
| Art collections | 25,935 | (143) | 25,792 | - | 753 | - | - |
| Plant and equipment | 27,954 | (19,124) | 8,830 | - | 717 | - | (2) |
| Total operational assets | 289,661 | (32,214) | 257,447 | - | 6,925 | - | (1,122) |

Infrastructural assets

| | | | | | | | |
|--|----------------|-----------------|----------------|----------|---------------|----------|--------------|
| Land | 96 | - | 96 | - | - | - | - |
| Parks and reserves | 20,677 | (2,304) | 18,373 | - | 5,872 | - | - |
| Recreational forests | 1,895 | - | 1,895 | - | - | - | - |
| Roading and footpaths | 359,200 | (13,328) | 345,872 | - | 5,422 | - | (208) |
| Sewerage- treatment plant and facilities | 52,987 | (4,991) | 47,996 | - | 5,037 | - | - |
| Sewerage- other | 154,269 | (54) | 154,215 | - | 12,016 | - | - |
| Water- treatment plant and facilities | 21,094 | (1,447) | 19,647 | - | 982 | - | - |
| Water- other | 111,755 | (8,371) | 103,384 | - | 4,034 | - | - |
| Stormwater | 114,317 | (2,583) | 111,734 | - | 2,413 | - | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - | - |
| Total infrastructural assets | 883,013 | (33,078) | 849,935 | - | 35,776 | - | (208) |

Restricted assets

| | | | | | | | |
|--------------------------------|------------------|-----------------|------------------|----------|---------------|----------|----------------|
| Airport | 771 | (507) | 264 | - | - | - | - |
| Land | 103,528 | - | 103,528 | - | - | - | - |
| Landfill | 11,808 | (273) | 11,535 | - | 6 | - | - |
| Total restricted assets | 116,107 | (780) | 115,327 | - | 6 | - | - |
| Total Council | 1,288,781 | (66,072) | 1,222,709 | - | 42,707 | - | (1,330) |

| Other transfers | Current year disposals | Current year impairment charges | Current year depreciation | Revaluation surplus / depreciation write-back | Other cost and depreciation movements | Cost / revaluation 30 Jun 2021 | Accumulated depreciation and impairment charges 30 Jun 2021 | Carrying amount 30 Jun 2021 |
|-----------------|------------------------|---------------------------------|---------------------------|---|---------------------------------------|--------------------------------|---|-----------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | | | | | |
|--------------|--------------|----------------|-----------------|---------------|----------|----------------|-----------------|----------------|
| - | (361) | - | - | 11,535 | - | 72,151 | - | 72,151 |
| - | (166) | (2,046) | (8,787) | - | - | 169,606 | (19,821) | 149,785 |
| - | - | - | - | - | - | 5,871 | (2,729) | 3,142 |
| - | (273) | - | (306) | - | - | 2,921 | (1,244) | 1,677 |
| - | - | - | - | - | - | 26,688 | (143) | 26,544 |
| (534) | - | (19) | (2,020) | - | - | 28,117 | (21,144) | 6,973 |
| (534) | (800) | (2,065) | (11,112) | 11,535 | - | 305,354 | (45,081) | 260,272 |

| | | | | | | | | |
|------------|----------------|-------------|-----------------|---------------|----------|----------------|-----------------|----------------|
| - | - | - | - | 18 | - | 114 | - | 114 |
| 5,429 | (437) | (44) | (2,475) | (2) | - | 31,909 | (5,193) | 26,716 |
| - | - | - | - | - | - | 1,895 | - | 1,895 |
| (1,198) | (1,854) | - | (15,265) | 39,912 | - | 387,414 | (14,731) | 372,683 |
| 7 | (32) | - | (2,916) | 10,857 | - | 62,578 | (1,629) | 60,949 |
| 241 | (117) | (40) | (3,731) | - | - | 166,372 | (3,788) | 162,584 |
| - | (443) | - | (789) | 18,984 | - | 39,998 | (1,618) | 38,380 |
| (4,245) | (2,126) | - | (2,529) | 4,342 | - | 107,897 | (5,037) | 102,860 |
| - | (102) | - | (2,577) | - | - | 116,622 | (5,155) | 111,467 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| 234 | (5,111) | (84) | (30,282) | 74,111 | - | 961,522 | (37,151) | 924,372 |

| | | | | | | | | |
|--------------|----------------|----------------|-----------------|---------------|----------|------------------|-----------------|------------------|
| - | - | - | - | - | - | 771 | (507) | 264 |
| - | - | - | - | 19,701 | - | 123,229 | - | 123,229 |
| 7 | - | - | (177) | (6,353) | - | 5,195 | (177) | 5,018 |
| 7 | - | - | (177) | 13,348 | - | 129,195 | (684) | 128,511 |
| (293) | (5,911) | (2,149) | (41,571) | 98,994 | - | 1,396,071 | (82,916) | 1,313,155 |

Council 2020

| Cost / revaluation 1 Jul 2019 | Accumulated depreciation and impairment charges 1 Jul 2019 | Carrying amount 1 Jul 2019 | Current year additions | Infrastructural Assets constructed by Council | Infrastructural Assets transferred to Council | Assets transferred (to) from held for sale |
|-------------------------------------|---|----------------------------------|------------------------------|--|--|--|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Operating assets

| | | | | | | | |
|-------------------------------|----------------|-----------------|----------------|----------|--------------|----------|--------------|
| Land | 45,607 | - | 45,607 | - | - | - | (814) |
| Buildings | 170,349 | (15,811) | 154,538 | - | 2,497 | - | - |
| Library books | 5,871 | (2,729) | 3,142 | - | - | - | - |
| Motor vehicles | 2,649 | (1,074) | 1,575 | - | 412 | - | - |
| Art collections | 25,548 | (137) | 25,411 | - | - | - | - |
| Plant and equipment | 30,699 | (19,796) | 10,903 | - | 1,732 | - | - |
| Total operating assets | 280,723 | (39,547) | 241,176 | - | 4,641 | - | (814) |

Infrastructure assets

| | | | | | | | |
|---|----------------|-----------------|----------------|----------|---------------|--------------|----------|
| Land | 96 | - | 96 | - | - | - | - |
| Parks and reserves | 19,569 | (180) | 19,389 | - | 1,293 | - | - |
| Recreational forests | 1,895 | - | 1,895 | - | - | - | - |
| Roading and footpaths | 355,486 | (6,452) | 349,034 | - | 9,357 | - | - |
| Sewerage treatment plant and facilities | 45,170 | (2,027) | 43,143 | - | 12,745 | - | - |
| Sewerage other | 138,510 | (7,054) | 131,456 | - | 6,836 | 756 | - |
| Water treatment plant and facilities | 17,703 | (498) | 17,205 | - | 769 | - | - |
| Water other | 112,967 | (2,298) | 110,669 | - | 1,074 | 499 | - |
| Stormwater | 109,186 | (5,802) | 103,384 | - | 1,560 | 359 | - |
| Land under roads | 46,612 | - | 46,612 | - | - | - | - |
| Total infrastructure assets | 847,194 | (24,311) | 822,883 | - | 33,636 | 1,613 | - |

Restricted assets

| | | | | | | | |
|--------------------------------|------------------|-----------------|------------------|----------|---------------|--------------|--------------|
| Airport | 771 | (427) | 344 | - | - | - | - |
| Land | 86,036 | - | 86,036 | - | - | - | - |
| Landfill | 11,915 | (140) | 11,775 | - | - | - | - |
| Total restricted assets | 98,722 | (567) | 98,155 | - | - | - | - |
| Total Council | 1,226,639 | (64,425) | 1,162,214 | - | 38,277 | 1,613 | (814) |

| Other transfers | Current year disposals | Current year impairment charges | Current year depreciation | Revaluation surplus / depreciation write-back | Other cost and depreciation movements | Cost / revaluation 30 Jun 2020 | Accumulated depreciation and impairment charges 30 Jun 2020 | Carrying amount 30 Jun 2020 |
|-----------------|------------------------|---------------------------------|---------------------------|---|---------------------------------------|--------------------------------|---|-----------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | | | | | |
|--------------|--------------|----------|-----------------|---------------|----------|----------------|-----------------|----------------|
| 5,334 | (120) | - | - | 10,655 | - | 60,662 | - | 60,662 |
| (10) | (500) | - | (8,639) | 9,117 | - | 166,005 | (9,001) | 157,004 |
| - | - | - | - | - | - | 5,871 | (2,729) | 3,142 |
| 458 | (94) | - | (335) | - | - | 3,234 | (1,217) | 2,016 |
| (1) | - | - | - | 381 | - | 25,935 | (143) | 25,791 |
| (1,573) | (88) | - | (2,144) | - | - | 27,954 | (19,124) | 8,830 |
| 4,208 | (801) | - | (11,117) | 20,153 | - | 289,661 | (32,215) | 257,446 |

| | | | | | | | | |
|----------------|--------------|--------------|-----------------|---------------|----------|----------------|-----------------|----------------|
| - | - | - | - | - | - | 96 | - | 96 |
| 28 | (49) | - | (2,288) | - | - | 20,677 | (2,304) | 18,373 |
| - | - | - | - | - | - | 1,895 | - | 1,895 |
| (5,612) | - | - | (6,907) | - | - | 359,200 | (13,328) | 345,872 |
| (4,961) | - | (392) | (2,539) | - | - | 52,987 | (4,991) | 47,996 |
| 8,840 | (243) | - | (3,474) | 10,045 | - | 154,269 | (54) | 154,215 |
| 2,616 | - | (414) | (529) | - | - | 21,094 | (1,447) | 19,647 |
| (6,055) | (380) | - | (2,423) | - | - | 111,755 | (8,371) | 103,384 |
| (1) | (75) | - | (2,565) | 9,071 | - | 114,317 | (2,583) | 111,733 |
| 111 | - | - | - | - | - | 46,723 | - | 46,723 |
| (5,033) | (747) | (806) | (20,726) | 19,116 | - | 883,013 | (33,078) | 849,935 |

| | | | | | | | | |
|--------------|----------------|--------------|-----------------|---------------|----------|------------------|-----------------|------------------|
| 0 | - | - | (80) | - | - | 771 | (507) | 264 |
| 168 | - | - | - | 17,324 | - | 103,528 | - | 103,528 |
| 0 | (99) | - | (141) | - | - | 11,808 | (273) | 11,535 |
| 168 | (99) | - | (221) | 17,324 | - | 116,107 | (780) | 115,327 |
| (656) | (1,647) | (806) | (32,064) | 56,593 | - | 1,288,781 | (66,073) | 1,222,708 |

Group 2021

| Cost / revaluation 1 Jul 2020 | Accumulated depreciation and impairment charges 1 Jul 2020 | Carrying amount 1 Jul 2020 | Current year additions | Transfers from capital work in progress | Infrastructural Assets transferred to Council | Assets transferred (to) from held for sale |
|-------------------------------------|---|----------------------------------|------------------------------|---|--|--|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Operating assets

| | | | | | | | |
|-------------------------------|----------------|-----------------|----------------|--------------|--------------|----------|----------------|
| Land | 60,661 | - | 60,661 | - | - | - | 315 |
| Buildings | 186,583 | (9,430) | 177,153 | 254 | 5,216 | - | (1,435) |
| Library books | 5,871 | (2,729) | 3,142 | - | - | - | - |
| Motor vehicles | 7,391 | (3,144) | 4,247 | 339 | 239 | - | - |
| Art collections | 25,928 | (137) | 25,791 | - | 753 | - | - |
| Plant and equipment | 30,635 | (20,767) | 9,868 | 672 | 717 | - | (2) |
| Total operating assets | 317,069 | (36,207) | 280,862 | 1,265 | 6,925 | - | (1,122) |

Infrastructural assets

| | | | | | | | |
|--|----------------|-----------------|----------------|----------|---------------|----------|--------------|
| Land | 24,831 | - | 24,831 | - | - | - | - |
| Parks and reserves | 20,677 | (2,304) | 18,373 | - | 5,872 | - | - |
| Recreational forests | 1,895 | - | 1,895 | - | - | - | - |
| Roading and footpaths | 359,200 | (13,328) | 345,872 | - | 5,422 | - | (208) |
| Sewerage: treatment and plant facilities | 52,987 | (4,991) | 47,996 | - | 5,037 | - | - |
| Sewerage: other | 154,269 | (54) | 154,215 | - | 12,016 | - | - |
| Water: treatment plant and facilities | 21,094 | (1,447) | 19,647 | - | 982 | - | - |
| Water: other | 111,755 | (8,371) | 103,384 | - | 4,034 | - | - |
| Stormwater | 114,317 | (2,583) | 111,734 | - | 2,413 | - | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - | - |
| Total infrastructural assets | 907,748 | (33,078) | 874,670 | - | 35,776 | - | (208) |

Restricted assets

| | | | | | | | |
|--------------------------------|------------------|-----------------|------------------|--------------|---------------|----------|----------------|
| Airport | 26,384 | (2,331) | 24,053 | 23 | - | - | - |
| Land | 104,033 | - | 104,033 | - | - | - | - |
| Landfill | 11,816 | (281) | 11,535 | - | 6 | - | - |
| Total restricted assets | 142,233 | (2,612) | 139,621 | 23 | 6 | - | - |
| Total Group | 1,367,050 | (71,897) | 1,295,153 | 1,288 | 42,707 | - | (1,330) |

| Other transfers | Current year disposals | Current year impairment charges | Current year depreciation | Revaluation surplus / depreciation write-back | Other cost and depreciation movements | Cost / revaluation 30 Jun 2021 | Accumulated depreciation and impairment charges 30 Jun 2021 | Carrying amount 30 Jun 2021 |
|-----------------|------------------------|---------------------------------|---------------------------|---|---------------------------------------|--------------------------------|---|-----------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | | | | | |
|--------------|--------------|----------------|-----------------|---------------|---|----------------|-----------------|----------------|
| - | (361) | - | - | 11,535 | - | 72,151 | - | 72,151 |
| - | (166) | (2,046) | (9,297) | - | - | 190,439 | (20,760) | 169,679 |
| - | - | - | - | - | - | 5,871 | (2,729) | 3,142 |
| - | (335) | - | (567) | - | - | 7,246 | (3,325) | 3,921 |
| - | - | - | - | - | - | 26,688 | (143) | 26,545 |
| (534) | (22) | (19) | (2,253) | - | - | 31,439 | (23,011) | 8,428 |
| (534) | (884) | (2,065) | (12,117) | 11,535 | - | 333,834 | (49,968) | 283,866 |

| | | | | | | | | |
|------------|----------------|-------------|-----------------|---------------|---|----------------|-----------------|----------------|
| - | - | - | - | 18 | - | 24,849 | - | 24,849 |
| 5,429 | (437) | (44) | (2,475) | (2) | - | 31,909 | (5,193) | 26,716 |
| - | - | - | - | - | - | 1,895 | - | 1,895 |
| (1,198) | (1,854) | - | (15,265) | 39,912 | - | 387,414 | (14,731) | 372,683 |
| 7 | (32) | - | (2,916) | 10,857 | - | 62,578 | (1,629) | 60,949 |
| 241 | (117) | (40) | (3,731) | - | - | 166,372 | (3,788) | 162,584 |
| - | (443) | - | (789) | 18,984 | - | 39,998 | (1,618) | 38,380 |
| (4,245) | (2,126) | - | (2,529) | 4,342 | - | 107,897 | (5,037) | 102,860 |
| - | (102) | - | (2,577) | - | - | 116,622 | (5,155) | 111,467 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| 234 | (5,111) | (84) | (30,282) | 74,111 | - | 986,257 | (37,151) | 949,106 |

| | | | | | | | | |
|--------------|----------------|----------------|-----------------|----------------|---|------------------|-----------------|------------------|
| - | - | - | (1,825) | 5,757 | - | 28,514 | (507) | 28,007 |
| - | - | - | - | 19,701 | - | 123,734 | - | 123,734 |
| 7 | - | - | (177) | (6,353) | - | 5,195 | (177) | 5,018 |
| 7 | - | - | (2,002) | 19,105 | - | 157,443 | (684) | 156,759 |
| (293) | (5,995) | (2,149) | (44,401) | 104,751 | - | 1,477,534 | (87,803) | 1,389,731 |

Group 2020

| Cost / revaluation 1 Jul 2019 | Accumulated depreciation and impairment charges 1 Jul 2019 | Carrying amount 1 Jul 2019 | Current year additions | Infrastructural Assets constructed by Council | Infrastructural Assets transferred to Council | Assets transferred (to) from held for sale |
|-------------------------------------|---|-------------------------------------|------------------------------|--|--|--|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Operational assets

| | | | | | | | |
|---------------------------------|----------------|-----------------|----------------|--------------|--------------|----------|--------------|
| Land | 45,607 | - | 45,607 | - | - | - | (814) |
| Buildings | 186,975 | (16,857) | 170,118 | 4,866 | 2,497 | - | - |
| Library books | 5,871 | (2,729) | 3,142 | - | - | - | - |
| Motor vehicles | 5,923 | (2,863) | 3,060 | 1,026 | 412 | - | - |
| Art collections | 25,548 | (137) | 25,411 | - | - | - | - |
| Plant and equipment | 33,052 | (21,239) | 11,813 | 384 | 1,552 | - | - |
| Total operational assets | 302,976 | (43,825) | 259,151 | 6,277 | 4,461 | - | (814) |

Infrastructural assets

| | | | | | | | |
|--|----------------|-----------------|----------------|------------|---------------|--------------|----------|
| Land | 24,101 | - | 24,101 | 730 | - | - | - |
| Parks and reserves | 19,569 | (180) | 19,389 | - | 1,293 | - | - |
| Recreational forests | 1,895 | - | 1,895 | - | - | - | - |
| Roading and footpaths | 355,486 | (6,452) | 349,034 | - | 9,357 | - | - |
| Sewerage: treatment and plant facilities | 45,170 | (2,027) | 43,143 | - | 12,745 | - | - |
| Sewerage: other | 138,510 | (7,054) | 131,456 | - | 6,836 | 756 | - |
| Water: treatment plant and facilities | 17,703 | (498) | 17,205 | - | 769 | - | - |
| Water: other | 112,967 | (2,298) | 110,669 | - | 1,074 | 499 | - |
| Stormwater | 109,186 | (5,802) | 103,384 | - | 1,560 | 359 | - |
| Land under roads | 46,612 | - | 46,612 | - | - | - | - |
| Total infrastructural assets | 871,198 | (24,311) | 846,887 | 730 | 33,636 | 1,613 | - |

Restricted assets

| | | | | | | | |
|--------------------------------|------------------|-----------------|------------------|--------------|---------------|--------------|--------------|
| Airport | 26,367 | (427) | 25,939 | 18 | - | - | - |
| Land | 86,036 | - | 86,036 | - | - | - | - |
| Landfill | 11,915 | (140) | 11,775 | - | - | - | - |
| Total restricted assets | 124,318 | (567) | 123,750 | 18 | - | - | - |
| Total Group | 1,298,492 | (68,703) | 1,229,788 | 7,025 | 38,097 | 1,613 | (814) |

| Other transfers | Current year disposals | Current year impairment charges | Current year depreciation | Revaluation surplus / depreciation write-back | Other cost and depreciation movements | Cost / revaluation 30 Jun 2020 | Accumulated depreciation and impairment charges 30 Jun 2020 | Carrying amount 30 Jun 2020 |
|-----------------|------------------------|---------------------------------|---------------------------|---|---------------------------------------|--------------------------------|---|-----------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | | | | | |
|--------------|----------------|------------|-----------------|---------------|---|----------------|-----------------|----------------|
| 5,334 | (120) | - | - | 10,655 | - | 60,661 | - | 60,661 |
| (10) | (894) | 336 | (9,023) | 9,117 | - | 202,551 | (25,543) | 177,008 |
| - | - | - | - | - | - | 5,871 | (2,729) | 3,142 |
| 458 | (97) | - | (611) | - | - | 7,722 | (3,475) | 4,247 |
| (1) | - | - | - | 381 | - | 25,928 | (137) | 25,791 |
| (740) | (142) | 37 | (2,384) | - | - | 34,106 | (23,587) | 10,519 |
| 5,041 | (1,253) | 373 | (12,018) | 20,153 | - | 336,840 | (55,471) | 281,369 |

| | | | | | | | | |
|----------------|--------------|--------------|-----------------|---------------|---|----------------|-----------------|----------------|
| - | - | - | - | - | - | 24,831 | - | 24,831 |
| 28 | (49) | - | (2,288) | - | - | 20,841 | (2,468) | 18,373 |
| - | - | - | - | - | - | 1,895 | - | 1,895 |
| (5,612) | - | - | (6,907) | - | - | 359,231 | (13,359) | 345,872 |
| (4,961) | - | (392) | (2,539) | - | - | 52,953 | (4,958) | 47,996 |
| 8,840 | (243) | - | (3,474) | 10,045 | - | 164,744 | (10,528) | 154,215 |
| 2,616 | - | (414) | (529) | - | - | 21,088 | (1,441) | 19,647 |
| (6,055) | (380) | - | (2,423) | - | - | 108,106 | (4,721) | 103,384 |
| (1) | (75) | - | (2,565) | 9,071 | - | 120,100 | (8,367) | 111,733 |
| 111 | - | - | - | - | - | 46,723 | - | 46,723 |
| (5,033) | (747) | (806) | (20,726) | 19,116 | - | 920,513 | (45,843) | 874,670 |

| | | | | | | | | |
|------------|----------------|--------------|-----------------|---------------|---|------------------|------------------|------------------|
| - | - | - | (1,904) | - | - | 26,384 | (2,331) | 24,053 |
| 168 | - | - | - | 17,324 | - | 103,527 | - | 103,527 |
| - | (99) | - | (141) | - | - | 11,816 | (281) | 11,535 |
| 168 | (99) | - | (2,045) | 17,324 | - | 141,727 | (2,612) | 139,115 |
| 176 | (2,099) | (433) | (34,789) | 56,593 | - | 1,399,080 | (103,926) | 1,295,154 |

Core infrastructure asset disclosures

Council 2021

| | Last Valuation Date | Replacement Cost 2021* | Replacement Cost 2020 |
|----------------------------------|---------------------|---------------------------|--------------------------|
| | | \$'000 | \$'000 |
| Water: | | | |
| – treatment plant and facilities | 2021 | 17,920 | 38,241 |
| – other | 2021 | 264,432 | 222,401 |
| Sewerage: | | | |
| – treatment plant and facilities | 2021 | 126,133 | 141,962 |
| – other | 2020 | 296,786 | 294,828 |
| Stormwater | 2020 | 227,808 | 234,109 |
| Roading and footpaths | 2021 | 658,547 | 522,184 |

*The above replacement costs exclude capital work in progress.

Critical accounting estimates and judgement

Estimating the fair value of land, buildings, infrastructure and art collections assets

Land (operational, infrastructural and restricted)

The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited, and was effective as at 1 July 2019.

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

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

Land is valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.

A fair value assessment was performed by Beca Limited as at 30 June 2021, which resulted in an uplift in fair value.

Buildings (operational and restricted)

The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited. The valuation is effective as at 1 July 2019.

The non-specialised properties have been valued on a market-based approach with research and analysis of market data compiled and applied to the valuation of these assets.

For the specialised properties which are rarely if ever traded on the open market, valuations are based on depreciated replacement cost approach. In assessing if a building is specialist in nature, Beca has taken into regard the surrounding neighbourhood and likely alternative use demand.

The depreciated replacement cost reflects the minimum cost to provide the current level of utility or service. In this way the DRC approach is often referred to as the optimised depreciated replacement cost (ODRC) approach.

The ODRC approach method uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, use and performance and remaining useful life.

\$1,500 to \$3,000 per square metre, depending on the nature of the specific asset valued.

Infrastructural asset classes: sewerage, water, drainage and roads

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



- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (replaced by the Business Price Index in 2015) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

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

- | | |
|--|--------------|
| • Water reticulation system: | 1 July 2020 |
| • Wastewater reticulation system: | 1 July 2019 |
| • Wastewater treatment plant & facilities: | 1 July 2020 |
| • Water treatment plant & facilities: | 1 July 2020 |
| • Stormwater and land drainage system: | 1 July 2019 |
| • Roothing network: | 1 July 2020 |
| • Parks and reserves assets: | 30 June 2019 |
| • Landfill assets: | 1 July 2020 |

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

In the sewerage revaluation report a key assumption is that Council will need to cease disposing of treated effluent into the forest from 2022 and will start disposing treated effluent into the lake. In order to meet the increased resource consent requirements of disposing into a lake an upgrade is required to a full membrane bio reactor process. This upgrade will be designed, built and funded by Trility Water Pty Ltd under a 25 year contract to upgrade the existing treatment plant.

Airport

An independent valuation of the Airport assets was performed by Beca Projects NZ Limited to determine the fair value of the assets. The effective date of the valuation was 30 June 2021. The revaluation surplus net of deferred tax of \$4,144,884 has been credited to other comprehensive revenue and expense.

Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by:

- if an active market exists for the same or similar asset the market prices are deemed to be the fair value; or
- if there is no active market fair value should be determined by other market based evidence adjudged by us as active and knowledgeable participants in the market.

Impairment

Impairment losses of \$1,579,964 (2020: \$814,000) have been recognised for the year. The impairment has been recognised in the Statement of Comprehensive Revenue and Expense in the line item 'impairment of property, plant and equipment' (refer Note 5).



Forestry assets

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

- Tutukau Road- this stand measures 10.0 hectares of Pinus Radiata with a current age of 20 years.
- Near the Rotorua Landfill- measures 2.4 hectares of Pinus Radiata which was felled in November 2020. Replanting to occur summer 2021.
- Great West Road spring reserve- 2.5 hectares of Pinus Radiata with a current age of 2 years.
- Hill Road spring reserve- measures 1.6 hectares of Pinus Radiata forest with a current age of 32 years.
- Reservoir Road spring reserve- measures 7.6 hectares of Pinus Radiata forest with a current age of 19 years.
- Tokorangi Forest- measures 112.2 hectares and consists of multiple species including Redwood, Douglas Fir, Pinus Radiata, Pinus Patula, Eucalyptus, Larch and Blackwood. The age of each stand of species varies, depending on the year of planting and ranges from 7 to 118 years.

Tokorangi Forest (Redwood Forest)

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

The land on which the forest grows is owned by the Central North Island Iwi Collective. Council has the license to continue managing the forest until 2049.

Work in progress

Accounting Policy

Work in progress is recognised at cost less impairment and is not depreciated. Property, plant and equipment in the course of construction by class of asset is detailed below:



| | Council | | Group | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | Actual 2021 | Actual 2020 | Actual 2021 | Actual 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operational assets: | | | | |
| Land | 267 | 158 | 267 | 158 |
| Buildings | 23,883 | 21,247 | 23,941 | 21,247 |
| Motor vehicles | 119 | 34 | 119 | 34 |
| Art collections | 759 | 663 | 759 | 663 |
| Plant and equipment | 585 | 991 | 585 | 991 |
| Infrastructural assets: | | | | |
| Parks and reserves | 25,945 | 9,391 | 25,945 | 9,391 |
| Roading and footpaths | 17,301 | 6,809 | 17,301 | 6,809 |
| Sewerage- treatment plant facilities | 12,501 | 13,833 | 12,501 | 13,833 |
| Sewerage- other | 2,308 | 8,324 | 2,308 | 8,324 |
| Stormwater | 3,479 | 1,426 | 3,479 | 1,426 |
| Water- treatment plant facilities | 5,303 | 6,576 | 5,303 | 6,576 |
| Restricted Assets: | | | | |
| Landfill | 2 | 2 | 2 | 2 |
| Intangibles: | | | | |
| Computer software | 5,430 | 3,118 | 5,430 | 3,118 |
| Total work in progress | 97,882 | 72,572 | 97,940 | 72,572 |

Leasing

The net carrying amount of plant and equipment held under financing leases is \$Nil (2020: \$Nil).

Security

No tangible assets are pledged as security for liabilities.

14 Intangible assets

Accounting Policy

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

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Impairment losses are recognised immediately in surplus or deficit. For further details, refer to the policy for impairment of Property, Plant and Equipment in Note 13. The same approach applies to the impairment of intangible assets.

Goodwill

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

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

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

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

Software acquisition and development

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

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

Staff training costs, costs associated with maintaining computer software and costs associated with the development and maintenance of Council's website are recognised as an expense when incurred.

Carbon credits

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

Amortisation

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

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

| | |
|-------------------|-------------|
| Computer software | 2- 30 years |
|-------------------|-------------|



| | Goodwill | Computer software | Carbon credits | Total Council | Total Group |
|--|----------|-------------------|----------------|---------------|-------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Cost

| | | | | | |
|-------------------------------------|-----------|---------------|------------|---------------|---------------|
| Balance as at 1 July 2020 | 95 | 10,421 | 127 | 10,643 | 11,572 |
| Additions from internal development | - | - | - | - | - |
| Other transfers | - | - | - | - | - |
| Additions acquired separately | - | 2 | - | - | 21 |
| Revaluations | - | - | 46 | 46 | 46 |
| Disposals | - | - | - | - | - |
| Balance as at 30 June 2021 | 95 | 10,423 | 173 | 10,689 | 11,639 |

| | | | | | |
|-------------------------------------|-----------|---------------|------------|---------------|---------------|
| Balance as at 1 July 2019 | 95 | 10,446 | 173 | 10,714 | 11,522 |
| Additions from internal development | - | 154 | - | 154 | 281 |
| Other transfers | - | -179 | - | -179 | -179 |
| Additions acquired separately | - | - | - | - | - |
| Revaluations | - | - | 35 | 35 | 35 |
| Disposals | - | - | -81 | -81 | -86 |
| Balance as at 30 June 2020 | 95 | 10,421 | 127 | 10,643 | 11,572 |

Accumulated amortisation and impairment

| | | | | | |
|-----------------------------------|-----------|--------------|----------|--------------|--------------|
| Balance as at 1 July 2020 | - | 7,575 | - | 7,575 | 8,066 |
| Amortisation charge | - | 465 | - | 465 | 742 |
| Disposals | - | - | - | - | - |
| Impairment | 95 | - | - | 95 | 95 |
| Balance as at 30 June 2021 | 95 | 8,040 | - | 8,135 | 8,903 |

| | | | | | |
|-----------------------------------|----------|--------------|----------|--------------|--------------|
| Balance as at 1 July 2019 | - | 7,014 | - | 7,014 | 7,279 |
| Amortisation charge | - | 561 | - | 561 | 792 |
| Disposals | - | - | - | - | -5 |
| Impairment | - | - | - | - | - |
| Balance as at 30 June 2020 | - | 7,575 | - | 7,575 | 8,066 |

Carrying amounts

| | | | | | |
|---------------------------|-----------|--------------|------------|--------------|--------------|
| As at 30 June 2020 | 95 | 2,846 | 127 | 3,068 | 3,507 |
| As at 30 June 2021 | - | 2,383 | 173 | 2,556 | 2,736 |

Carbon credits

As at 30 June 2021 the Council's residual closing balance of 3,956 carbon credit units were revalued based on the market spot rate at balance date.

The Council considers there has been no impairment of carbon units held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. Carbon units have been assessed as to have an indefinite useful life as they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

Goodwill

The carrying amount of the goodwill on the Museum Cafe has been impaired to \$nil in the current year due to the on-going work surrounding the Museum and cafe closure.

Security

There are no restrictions over the title of any intangible assets. No intangible assets are pledged as security for liabilities.

15 Depreciation and amortisation expense by activity

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Directly attributable depreciation and amortisation expense by group of activity

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Arts and Culture | 3,099 | 3,182 | 3,099 | 3,182 |
| Community Leadership | 5,051 | 5,272 | 8,158 | 8,228 |
| Planning and Regulatory | 42 | 37 | 42 | 37 |
| District Development | 58 | 62 | 58 | 62 |
| Sport, Recreation and Environment | 4,916 | 4,833 | 4,916 | 4,833 |
| Roads and Footpaths | 15,895 | 7,240 | 15,895 | 7,240 |
| Sewerage and Sewage | 6,790 | 6,218 | 6,790 | 6,218 |
| Stormwater and Land Drainage | 2,577 | 2,565 | 2,577 | 2,565 |
| Waste Management | 183 | 151 | 183 | 151 |
| Water Supplies | 3,425 | 3,064 | 3,425 | 3,064 |
| Total directly attributable depreciation and amortisation by group of activity | 42,036 | 32,624 | 45,143 | 35,580 |
| Depreciation and amortisation not directly related to group of activities | - | - | - | - |
| Total depreciation and amortisation expense | 42,036 | 32,624 | 45,143 | 35,580 |

16 Payables and deferred revenue

Accounting Policy

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Exchange – current portion

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Trade payables and accrued expenses | 10,778 | 10,318 | 12,368 | 11,616 |
| Deposits and bonds | 216 | 98 | 216 | 98 |
| Accrued interest | 1,399 | 1,484 | 1,399 | 1,484 |
| Amounts due to subsidiaries and associates | 1,616 | 1,432 | 101 | 269 |
| Retentions accrued for contract work | 1,414 | 1,507 | 1,414 | 1,507 |
| Other payables | - | - | 2 | 71 |
| Metered water and revenue received in advance | 883 | 964 | 1,005 | 964 |
| Total payables under exchange transactions | 16,306 | 15,803 | 16,505 | 16,009 |

Non-exchange – current portion

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Trade payables and accrued expenses | 659 | 672 | 668 | 681 |
| Deposits and bonds | 823 | 1,071 | 823 | 1,071 |
| Revenue received in advance | 18 | 14 | 18 | 14 |
| Rates received in advance (excluding metered water) | 2,909 | 2,589 | 2,909 | 2,589 |
| Grants received in advance | 4,736 | 1,130 | 4,152 | 504 |
| Other payables | 4,102 | 2,218 | 4,102 | 2,345 |
| Deferred grant revenue | 20,036 | 28,065 | 20,036 | 28,065 |
| Taxes payable | 33 | 1,058 | 521 | 1,296 |
| Total payables under Non-exchange transactions | 33,316 | 36,817 | 33,229 | 36,565 |
| Total creditors and other payables - current portion | 49,622 | 52,620 | 49,734 | 52,574 |

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

Deferred grant revenue and grants received in advance consist of grants received which have substantive conditions attached to the value provided. These conditions include for instance, requiring the full amount to be used or used in accordance with agreed terms otherwise the value is to be returned to the Grantor.

Included within grants received in advance is a grant from the Department of Internal Affairs under the Three Waters Stimulus Programme, which is a three-year programme to reform local government three waters service delivery arrangements. As at 30 June 2021, \$4.6m has been received but not yet spent.

17 Borrowings

Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Interest due on the borrowings is subsequently accrued and added to the borrowing's balance.

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Current portion

| | | | | |
|------------------------------|---------------|---------------|---------------|---------------|
| Registered debenture stock | 5,000 | - | 5,000 | - |
| LGFA borrowing | 22,810 | 42,810 | 22,810 | 42,810 |
| Registered security stock | - | - | - | - |
| Other loans | 166 | 1,552 | 166 | 1,552 |
| Total current portion | 27,976 | 44,362 | 27,976 | 44,362 |

Non-current portion

| | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|
| Bank facilities | - | - | - | - |
| LGFA borrowings | 203,700 | 173,700 | 203,700 | 173,700 |
| Registered debenture stock | 10,000 | 10,000 | 10,000 | 10,000 |
| Other loans | - | 166 | 2,826 | 3,922 |
| Total non-current portion | 213,700 | 183,866 | 216,526 | 187,622 |
| Total borrowings | 241,676 | 228,228 | 244,502 | 231,984 |

Fair values of non-current borrowings

| | | | | |
|----------------------------|----------------|----------------|----------------|----------------|
| LGFA borrowings | 203,700 | 182,090 | 203,700 | 182,095 |
| Registered debenture stock | 10,000 | 11,007 | 10,000 | 11,007 |
| Other loans | - | 1,756 | 2,826 | 1,756 |
| Total | 213,700 | 194,853 | 216,526 | 194,858 |

LGFA borrowings

Borrowing from the Local Government Funding Agency (LGFA) of \$176,510,000 (2020: \$176,510,000) is at fixed interest rates for the term of the stock.

Borrowing from the local Government Funding Agency (LGFA) of \$50,000,000 (2020: \$40,000,000) is at floating interest rates. The interest rate is reset quarterly, based on the equivalent bank bill rate plus a margin for credit risk.

Registered debenture stock

Debenture stock of \$10,000,000 (2020: \$10,000,000) is at fixed interest rates for the term of the stock. Debenture stock of \$Nil (2020: \$Nil) is at floating interest rates. The interest rate is reset quarterly, based on the equivalent bank bill rate plus a margin for credit risk.

Security

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

The Council does not have an overdraft facility.

Treasury Policy compliance ratios

| | Limit | 2021 | 2020 |
|------------------------------------|----------|--------------|--------------|
| Net Debt / Total Revenue | < 280% | 162.35% | 143.62% |
| Net Interest / Total Revenue | < 20% | 4.43% | 5.18% |
| Net Interest / Annual Rates Income | < 30% | 6.20% | 7.20% |
| Liquidity [a]* | > 110% | 115.42% | 135.71% |
| Liquidity [b]** | 6 months | within limit | within limit |

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

** Liquidity [b]: (cash or near cash financial investments + unutilised but committed loan facilities - emergency risk funding of \$15,000,000, to equal a minimum period of forecast net cash outflow including maturing debt on a rolling basis)

The weighted average effective interest rate on borrowings is 2.7% (2020: 3.1%).

18 Employee entitlements

Accounting Policy

Short-term employee entitlements:

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

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

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Group has a contractual obligation 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 entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements:

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

The expense relating to these provisions is presented in the Statement of Comprehensive Revenue and Expense net of any reimbursement.



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Current portion

| | | | | |
|------------------------------|--------------|--------------|--------------|--------------|
| Payroll payables | 1,405 | 747 | 1,501 | 1,735 |
| Accrued Pay | 172 | 938 | 172 | 938 |
| Accrued leave | 2,310 | 2,755 | 3,153 | 3,065 |
| Long service leave | - | - | 10 | 38 |
| Employee loans | (15) | (25) | (15) | (25) |
| Total current portion | 3,872 | 4,415 | 4,821 | 5,751 |

Non-current portion

| | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| Long service leave | 57 | 12 | 57 | 12 |
| Retirement gratuities | 60 | 60 | 60 | 60 |
| Total non-current portion | 117 | 72 | 117 | 72 |
| Total employee entitlements | 3,989 | 4,487 | 4,938 | 5,823 |

19 Provisions

Accounting Policy

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

Provisions are measured at the present value of expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'. Refer to Note 3.

ACC Accredited Employers Programme

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

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



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Current provisions are represented by:

| | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|
| ACC accredited employers programme | - | - | 11 | 56 |
| Weathertightness claims | 18 | 18 | 18 | 18 |
| Total current provisions | 18 | 18 | 29 | 74 |

Non-current provisions are represented by:

| | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Landfill aftercare provision | 1,793 | 2,138 | 1,793 | 2,138 |
| Provision for refund of rates | 69 | 69 | 69 | 69 |
| Total non-current provisions | 1,862 | 2,207 | 1,862 | 2,207 |
| Total provisions | 1,880 | 2,225 | 1,891 | 2,281 |

Movements for each class of provisions are as follows:

| Movement in current provisions | Weathertightness claims | Landfill aftercare | Refund of rates | ACC accreditation | ACC accreditation |
|--------------------------------|-------------------------|--------------------|-----------------|-------------------|-------------------|
| Council and Group | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

2021

| | | | | | |
|--|-----------|--------------|-----------|-----------|--------------|
| Balance at 1 July 2020 | 18 | 2,138 | 69 | 56 | 2,281 |
| Additional provisions made during the year | - | - | - | - | - |
| Change in provision | - | (345) | - | (45) | (390) |
| Unused amounts reversed | - | - | - | - | - |
| Discount unwinding | - | - | - | - | - |
| Balance at 30 June 2021 | 18 | 1,793 | 69 | 11 | 1,891 |

2020

| | | | | | |
|--|-----------|--------------|-----------|-----------|--------------|
| Balance at 1 July 2019 | 68 | 3,214 | 69 | 19 | 3,370 |
| Additional provisions made during the year | - | - | - | 37 | 37 |
| Change in provision | - | (1,076) | - | - | (1,076) |
| Unused amounts reversed | (50) | - | - | - | (50) |
| Discount unwinding | - | - | - | - | - |
| Balance at 30 June 2020 | 18 | 2,138 | 69 | 56 | 2,281 |

Weathertightness claims

There are currently no claims lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2021 (2020: no claims). Council has recognised a provision of \$18,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.

A Notice of Discontinuance issued by the High Court on 3 September 2020 removed any uncertainty as to the possible liability of Council for weathertightness claims with Carter Holt Harvey. This reduced the previously recognised provision to \$nil as the Council has no liability.

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

Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill until 31 January 2030. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The cash outflows for landfill post-closure costs are expected to cease in 2066. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements.

The overall Landfill Aftercare Provision has decreased by \$345,000 in the 2021 financial year to \$1,793,000, with the following significant assumptions having been made in estimating the provision:

- Inflation factor- An annual inflation factor of 2.0% has been applied in estimating the future cash outflows (2020: 1.7-1.9%).
- Discount rate- A discount rate of 3.13% has been applied (2020: 2.22%) to discount the estimated future cash outflows.
- Length of aftercare- The assumption for the length of aftercare has remained at 35 years (2020: 35 years).

The cash outflows for the landfill are expected to cease in 2066 when the strength of any discharges are expected to have reduced to a level at which they are unlikely to have any adverse effects on the environment. The management of the landfill site will continue to be contracted to an external party to maintain the landfill site beyond the current consent and into the foreseeable future.

The future management of the landfill will influence the timing of recognition of some liabilities. In 2018 Council selected Waste Management New Zealand Limited as a partner to work with to review the future development of the site. Due to identified financial, environmental and health and safety risks with the landfill, Council and Waste Management New Zealand Limited have capped and sealed the current landfill stages after constructing a transfer station on-site to act as a collection point for the District waste before being loaded to another waste disposal facility. The landfill has potential airspace for more stages, however the investment required to develop additional stages is subject to further study with regards to the viability of the landfill as a regional facility. The Council assumes the landfill will remain capped until 2030 at which point the resource consent will expire, the landfill will close and the cash outflows in relation to the maintenance and monitoring of the site will start. The landfill aftercare provision does not reflect the Request for Proposal implications, due to their current uncertainty.

Refund of rates

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

20 Equity

Accounting Policy

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

The components of net assets/equity are:

- Accumulated funds; and
- Reserves, consisting of:
 - Self-funding reserves;
 - Council-created reserves;
 - Restricted reserves;
 - Fair value through equity reserve; and
 - Asset revaluation reserves.



| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Accumulated funds

| | | | | |
|---|----------------|---------|----------------|---------|
| Balance as at 1 July | 731,673 | 727,112 | 732,798 | 727,112 |
| Net surplus/(deficit) | (11,554) | 4,856 | (12,092) | 4,526 |
| Transfers (to)/from self-funding reserves | - | 1,556 | - | 1,556 |
| Transfers (to)/from council-created reserve | 35 | 12 | 35 | 12 |
| Transfers (to)/from restricted reserve | (657) | (792) | (657) | (792) |
| Transfers (to)/from fair value through equity reserve | - | (1,129) | - | 326 |
| Transfers (to)/from asset revaluation reserves on disposal of PPE and intangible assets | (697) | 58 | (697) | 58 |
| Correction of error | 34 | - | 474 | - |
| Balance as at 30 June | 718,834 | 731,673 | 719,861 | 732,798 |

Reserves

| | | | | |
|--|----------------|---------|----------------|---------|
| Self-funding reserves | - | - | - | - |
| Council-created reserves | 43 | 77 | 43 | 77 |
| Restricted reserves | 4,986 | 4,329 | 4,986 | 4,329 |
| Fair value through equity reserve | 28,826 | 20,892 | (350) | (350) |
| Asset revaluation reserve- property, plant and equipment | 470,909 | 371,562 | 494,747 | 391,679 |
| Asset revaluation reserve- intangibles | 170 | 124 | 170 | 124 |
| Total reserves | 504,934 | 396,984 | 499,596 | 395,859 |

Self-funding reserves

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

| Opening balance 1 July 2020 | Deposits | Withdrawals | Interest earned / charged to 30 June 2021 | Transfer to accumulated funds | Closing balance 30 June 2021 |
|--------------------------------|----------|-------------|---|-------------------------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2021

| | | | | | |
|---|---|---|---|---|---|
| Pensioner housing | - | - | - | - | - |
| Total restricted reserves - 2021 | - | - | - | - | - |

| Opening balance 1 July 2019 | Deposits | Withdrawals | Interest earned / charged to 30 June 2020 | Transfer to accumulated funds | Closing balance 30 June 2020 |
|--------------------------------|----------|-------------|---|-------------------------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2020

| | | | | | |
|---|--------------|---|---|----------------|---|
| Pensioner housing | 1,556 | - | - | (1,556) | - |
| Total restricted reserves - 2020 | 1,556 | - | - | (1,556) | - |

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

Council-created reserves

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

| Opening balance 1 July 2020 | Deposits | Withdrawals | Interest earned / charged to 30 June 2021 | Transfer to accumulated funds | Closing balance 30 June 2021 |
|--------------------------------|----------|-------------|---|-------------------------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2021

| | | | | | | |
|---|-----------|----------|-------------|----------|----------|-----------|
| Reporoa Domain | 72 | - | (36) | - | - | 36 |
| Waikite Domain | 5 | 1 | - | - | - | 6 |
| Total restricted reserves - 2021 | 77 | 1 | (36) | - | - | 43 |

| Opening balance 1 July 2019 | Deposits | Withdrawals | Interest earned / charged to 30 June 2020 | Transfer to accumulated funds | Closing balance 30 June 2020 |
|--------------------------------|----------|-------------|---|-------------------------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2020

| | | | | | | |
|---|-----------|-----------|------------|----------|----------|-----------|
| Reporoa Domain | 59 | 13 | - | - | - | 72 |
| Waikite Domain | 6 | - | (1) | - | - | 5 |
| Total restricted reserves - 2020 | 65 | 13 | (1) | - | - | 77 |

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

Restricted reserves

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

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

| Opening balance 1 July 2020 | Deposits | Withdrawals | Interest earned / charged to 30 June 2020 | Closing balance 30 June 2021 |
|--------------------------------|----------|-------------|---|---------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2021

| | | | | | |
|---|--------------|------------|-------------|----------|--------------|
| Reserves development | 4,310 | 669 | - | - | 4,979 |
| Creative NZ Reserve | 19 | - | (12) | - | 7 |
| Total restricted reserves - 2021 | 4,329 | 669 | (12) | - | 4,986 |

| Opening balance 1 July 2019 | Deposits | Withdrawals | Interest earned / charged to 30 June 2020 | Closing balance 30 June 2020 |
|--------------------------------|----------|-------------|---|---------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council and Group 2020

| | | | | | |
|---|--------------|------------|------------|----------|--------------|
| Reserves development | 3,514 | 796 | - | - | 4,310 |
| Creative NZ Reserve | 23 | - | (4) | - | 19 |
| Total restricted reserves - 2020 | 3,537 | 796 | (4) | - | 4,329 |

Restrictions

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

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

Fair value through equity reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

| | | | | |
|--|---------------|---------------|--------------|--------------|
| Opening balance | 20,892 | 20,420 | (350) | (24) |
| Transfers (to)/from accumulated funds | - | 1,129 | - | (326) |
| Valuation gains/(losses) taken to equity | 7,934 | (657) | - | - |
| Balance 30 June | 28,826 | 20,892 | (350) | (350) |

Asset revaluation reserves – Property, Plant and Equipment 2021

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

2021 asset revaluation reserve for each asset class consist of:

| Opening balance 1 July 2020 | Transfers relating to prior period | Transfers between asset classes | Revaluation gains / losses during year | Transfer to accumulated funds on disposal | Other transfers | Closing balance 30 June 2021 |
|--------------------------------|--|---------------------------------------|--|--|--------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council 2021

| | | | | | | |
|-----------------------|----------------|------------|------------|---------------|------------|----------------|
| Art collections | 18,935 | - | - | - | - | 18,935 |
| Buildings | 57,291 | - | - | - | (96) | 56,637 |
| Land- operational | 17,883 | - | - | 11,553 | (320) | 29,116 |
| Land- restricted | 21,770 | - | - | 19,701 | - | 41,471 |
| Landfill | 7,370 | - | - | (6,353) | - | 1,017 |
| Library books | 335 | - | - | - | - | 335 |
| Parks and reserves | 5,841 | 5 | (2) | - | (496) | 5,337 |
| Roading and footpaths | 99,836 | - | - | 39,911 | 540 | 140,287 |
| Stormwater | 68,871 | - | - | - | (18) | 68,853 |
| Sewerage- other | 18,661 | 192 | - | 10,857 | (4) | 29,706 |
| Water- other | 54,769 | 339 | - | 23,016 | 1,091 | 79,215 |
| Total | 371,562 | 536 | (2) | 98,685 | 697 | 470,909 |

Group 2021

| | | | | | | |
|-----------------------|----------------|-----------|------------|----------------|------------|----------------|
| Art collections | 18,935 | - | - | - | - | 18,935 |
| Buildings | 59,402 | - | - | - | (96) | 58,748 |
| Land- operational | 17,883 | - | - | 11,553 | (320) | 29,116 |
| Land- restricted | 39,296 | - | - | 23,846 | - | 63,142 |
| Landfill | 7,370 | - | - | (6,353) | - | 1,017 |
| Library books | 335 | - | - | - | - | 335 |
| Parks and reserves | 5,841 | 5 | (2) | - | (496) | 5,337 |
| Roading and footpaths | 99,836 | - | - | 39,912 | 540 | 140,288 |
| Stormwater | 68,871 | - | - | - | (18) | 68,853 |
| Sewerage- other | 18,661 | 192 | - | 10,857 | (4) | 29,706 |
| Water- other | 55,249 | (101) | - | 23,031 | 1,091 | 79,270 |
| Total | 391,679 | 96 | (2) | 102,846 | 697 | 494,747 |

2020 asset revaluation reserve for each asset class consist of:

| Opening balance 1 July 2019 | Transfers relating to prior period | Transfers between asset classes | Revaluation gains / losses during year | Transfer to accumulated funds on disposal | Other transfers | Closing balance 30 June 2020 |
|--------------------------------|---------------------------------------|------------------------------------|---|--|--------------------|------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council 2020

| | | | | | | | |
|-----------------------|----------------|-------------|----------|---------------|------------|----------|----------------|
| Art collections | 18,554 | - | - | 381 | - | - | 18,935 |
| Buildings | 48,221 | - | - | 9,117 | (47) | - | 57,291 |
| Land- operational | 7,307 | - | - | 10,655 | (79) | - | 17,883 |
| Land- restricted | 4,446 | - | - | 17,324 | - | - | 21,770 |
| Landfill | 7,370 | - | - | - | - | - | 7,370 |
| Library books | 335 | - | - | - | - | - | 335 |
| Parks and reserves | 5,859 | - | - | - | (18) | - | 5,841 |
| Roading and footpaths | 99,836 | - | - | - | - | - | 99,836 |
| Stormwater | 59,763 | - | - | 9,071 | 37 | - | 68,871 |
| Sewerage- other | 8,524 | - | - | 10,045 | 92 | - | 18,661 |
| Water- other | 54,763 | (73) | - | 73 | 6 | - | 54,769 |
| Total | 314,978 | (73) | - | 56,666 | (9) | - | 371,562 |

Group 2020

| | | | | | | | |
|-----------------------|----------------|------------|----------|---------------|------------|----------|----------------|
| Art collections | 18,554 | - | - | 381 | - | - | 18,935 |
| Buildings | 50,332 | - | - | 9,117 | (47) | - | 59,402 |
| Land- operational | 7,307 | - | - | 10,655 | (79) | - | 17,883 |
| Land- restricted | 21,972 | - | - | 17,324 | - | - | 39,296 |
| Landfill | 7,370 | - | - | - | - | - | 7,370 |
| Library books | 335 | - | - | - | - | - | 335 |
| Parks and reserves | 5,859 | - | - | - | (18) | - | 5,841 |
| Roading and footpaths | 99,836 | - | - | - | - | - | 99,836 |
| Stormwater | 59,763 | - | - | 9,071 | 37 | - | 68,871 |
| Sewerage- other | 8,524 | - | - | 10,045 | 92 | - | 18,661 |
| Water- other | 54,763 | 734 | - | (254) | 6 | - | 55,249 |
| Total | 334,615 | 734 | - | 56,339 | (9) | - | 391,679 |

Asset revaluation reserve – Intangibles

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Carbon credits

| | | | | |
|---|------------|------------|------------|------------|
| Opening balance | 124 | 89 | 124 | 89 |
| Revaluation gains/(losses) during year | 46 | 35 | 46 | 35 |
| Transfer to accumulated funds on disposal | - | - | - | - |
| Closing balance | 170 | 124 | 170 | 124 |

Capital management

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

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

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

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

The Council has the following Council-created reserves:

- Self-funding reserves;
- Council-created reserves; and
- Restricted reserves.

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

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

There have been no externally imposed capital requirements to which the Council has been subject to.

21 Capital commitments and operating leases

Capital commitments

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

| | Council | | Group | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital commitments | | | | |
| Parks and reserves | 6,105 | 16,770 | 6,089 | 16,647 |
| Roading network | 27,012 | 13,446 | 26,901 | 13,346 |
| Buildings | 16,230 | 2,689 | 16,230 | 2,816 |
| Stormwater | 1,724 | 3,351 | 1,724 | 3,351 |
| Wastewater - other | 10,727 | 2,714 | 10,727 | 2,714 |
| Wastewater treatment | 2,028 | 470 | 2,028 | 470 |
| Water - other | 1,143 | 359 | 1,143 | 36 |
| Water treatment | - | - | - | - |
| Intangibles | 1,078 | 127 | 1,078 | 127 |
| Plant and equipment | 5 | 252 | 84 | 252 |
| Investment property | - | - | - | - |
| Total capital commitments | 66,052 | 40,178 | 66,004 | 39,759 |

Operating leases as lessee

The Council and Group lease property, plant and equipment in the normal course of its business. The leases have non-cancellable terms that range between 22 and 1,189 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Not later than one year | 197 | 232 | 297 | 362 |
| Later than one year but not later than two years | 153 | 195 | 223 | 295 |
| Later than two years but not later than five years | 333 | 424 | 391 | 552 |
| Later than five years | 817 | 870 | 817 | 870 |
| Total non-cancellable operating lease commitments as lessee | 1,500 | 1,721 | 1,728 | 2,079 |
| Total capital commitments | 66,052 | 40,178 | 66,004 | 39,759 |
| Total commitments | 67,552 | 41,899 | 67,732 | 41,838 |

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2020: \$Nil).

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

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

Operating leases as lessor

The Council and Group lease land, buildings, parks, reserve land and commercial premises under operating leases. The leases have non-cancellable terms that range between 12 and 530 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Not later than one year | 989 | 1,324 | 965 | 1,033 |
| Later than one year but not later than two years | 942 | 956 | 942 | 932 |
| Later than two years but not later than five years | 2,369 | 2,461 | 2,369 | 2,461 |
| Later than five years | 6,992 | 7,525 | 6,992 | 7,525 |
| Total non-cancellable operating leases | 11,292 | 12,266 | 11,268 | 11,951 |

No contingent rents have been recognised during the period.

22 Contingencies

Contingent liabilities

| | Council | | Group | |
|---|--------------|--------------|--------------|--------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial guarantees | | | | |
| Financial guarantees to community and sporting groups | 9 | 39 | 9 | 39 |
| Suspensory loan | | | | |
| Housing New Zealand Corporation suspensory loan | 1,532 | 1,532 | 1,532 | 1,532 |
| Legal proceedings | | | | |
| The Group's effective exposure to legal claims | 750 | 1,080 | 750 | 1,080 |
| Total contingent liabilities | 2,291 | 2,651 | 2,291 | 2,651 |

Financial guarantees

Accounting Policy

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an un-related party, its fair value at inception is equal to the consideration received. When no consideration is received the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

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

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



Suspensory loan

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

Critical accounting estimates and judgement

Accounting for suspensory loan from Housing New Zealand

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



Legal proceedings

The Council is currently facing three legal claims (2020: four). An estimate of Council's share of exposure is \$750,000 (2020 : \$1,080,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

The Council is also facing a dispute which relates to an alleged breach of Council's Landfill resource consent. An estimate of Council's share of exposure has not been included in the table as the presiding Judge has given instruction to both parties not to disclose any information publically as this could be prejudicial for either party.

On 26 May 2021 the Council agreed to plead guilty to 1 of 2 remaining charges (for breach of section 15(1)(b) of the Resource Management Act and the other charge was dismissed. Sentencing for the remaining charge will take place in October 2021.

Unquantified claims

Weathertightness claims

As disclosed in Note 19 a provision of \$18,000 (2020: \$18,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2020:\$Nil) being the Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of the construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

RiskPool

RiskPool provides public liability and professional indemnity for its members, of which Council is no longer a member. The trust deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members in relation to that fund year. RiskPool advises of a final call for funds in either the 2023 or 2024 financial year.

National Provident Fund

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

As at 31 March 2021 the Scheme had a surplus of \$1,262,000 (102.2% of the liabilities) (2020: deficit of \$2,800,000, 95.9%). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

In the actuarial review, completed as at 31 March 2020, the Actuary recommended the employer contribution rate to the Scheme be set at 4.0 times contributors' contributions from 1 April 2021 with a further scheduled increase from 1 April 2022 to 6 times contributors' contributions.

Local Government Funding Agency

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

As at 30 June 2021, the Council is one of 63 local authority guarantors of the LGFA. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2021, the LGFA had borrowings totalling \$13,609,830,000 (2020: \$11,907,503,000).

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

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

Contingent assets

| Council | | Group | |
|---------|--------|--------|--------|
| Actual | Actual | Actual | Actual |
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Loan guarantees

| | | | | |
|---|------------|------------|------------|------------|
| Rotorua Badminton Club Incorporated | - | 224 | - | 224 |
| Rotorua Hockey Trust and BOP Hockey Association | 350 | 350 | 350 | 350 |
| Total loan guarantees | 350 | 574 | 350 | 574 |

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

As at 30 June 2021 there is one facility with a book value of \$350,000 (2020: two facilities, \$574,000).

23 Related party transactions

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

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

| Council | |
|---------|--------|
| Actual | Actual |
| 2021 | 2020 |
| \$'000 | \$'000 |

Key management personnel compensation

| | | |
|---|--------------|--------------|
| Senior Management Team, including the Chief Executive | 2,145 | 2,075 |
| Councillors | 876 | 816 |
| Total Group key management remuneration | 3,021 | 2,891 |

Full-time equivalent members

| | | |
|---|-----------|-----------|
| Full-time equivalent Senior Management Team | 8 | 8 |
| Full-time equivalent Councillors | 11 | 11 |
| Total full-time equivalent personnel | 19 | 19 |

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

Included in key management personnel compensation is \$47,800 (2020: \$59,046) to defined contribution plans.

24 Remuneration

Chief Executive's remuneration

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

| Council | |
|---------|--------|
| Actual | Actual |
| 2021 | 2020 |
| \$ | \$ |

| | | |
|---|----------------|---------|
| Salary | 366,181 | 362,750 |
| Vehicle (including Fringe Benefit Tax) | 25,565 | 17,963 |
| Total Chief Executive's remuneration | 391,746 | 380,713 |

Elected representatives

Elected representatives received the following remuneration:

| Total | Total |
|-------|-------|
| 2021 | 2020 |
| \$ | \$ |

Mayor

| | | |
|------------------------------|----------------|---------|
| Chadwick S | 143,922 | 147,553 |
| Chadwick S - Mayor's vehicle | 7,846 | 6,579 |

Councillors

| | | |
|--|----------------|---------|
| Bentley P | 55,989 | 54,386 |
| Donaldson D | 100,989 | 86,396 |
| Gould M | - | 16,939 |
| Hunt K | - | 25,135 |
| Kent R | - | 16,544 |
| Maxwell T H | 71,739 | 64,696 |
| Raukawa-Tait M | 84,031 | 73,318 |
| Sturt C W | - | 20,361 |
| Tapsell T | 84,031 | 73,318 |
| Kumar R | 55,989 | 54,186 |
| Kai Fong S | 71,739 | 46,244 |
| MacPherson R | 55,989 | 37,642 |
| Wang F | 71,739 | 46,244 |
| Yates M | 71,739 | 46,244 |
| Total Councillor remuneration | 875,742 | 815,785 |
| Rotorua Lakes/Rural Community Boards | 97,706 | 91,768 |
| Total elected representatives' remuneration | 973,448 | 907,553 |

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the Local Government Elected Members (2020/21) Determination 2020. Professional indemnity and trustee liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

Council employees

| | Number of employees | |
|------------------------|---------------------|------------|
| | 2021 | 2020 |
| < \$60,000 | 107 | 137 |
| \$60,000 – \$79,999 | 106 | 111 |
| \$80,000 – \$99,999 | 76 | 72 |
| \$100,000 – \$119,999 | 33 | 38 |
| \$120,000 – \$139,999 | 19 | 16 |
| \$140,000 – \$159,999 | 7 | 6 |
| \$160,000 – \$199,999 | 6 | 9 |
| \$200,000 – \$279,999 | 6 | 6 |
| \$280,000 – \$399,999 | 2 | 2 |
| Total employees | 362 | 397 |

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 302 (2020: 316) full-time employees, with the balance of staff representing 39.78 (2020: 39.69) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

25 Agency relationships

Council is involved in administering expenditure and revenue on behalf of other organisations as described below.

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

| | 2021 | Percentage | 2020 | Percentage |
|--|--------------|----------------|--------------|----------------|
| | \$'000 | % | \$'000 | % |
| Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June: | | | | |
| Kawerau District Council | 66 | 2.10% | 63 | 2.20% |
| Opotiki District Council | 72 | 2.30% | 69 | 2.40% |
| Rotorua Lakes Council | 621 | 19.90% | 579 | 19.90% |
| Taupo District Council | 444 | 14.30% | 416 | 14.30% |
| Tauranga District Council | 1,145 | 36.80% | 1,054 | 36.30% |
| Western BOP District Council | 466 | 15.00% | 437 | 15.00% |
| Whakatane District Council | 300 | 9.60% | 287 | 9.90% |
| Total tax distributable to Councils | 3,114 | 100.00% | 2,905 | 100.00% |

| | 2021 | 2020 |
|--|--------|--------|
| | \$'000 | \$'000 |

State Highways administration

| | | |
|---|-----|-----|
| Expenditure on State Highways roading network | 361 | 306 |
| (Reimbursed from New Zealand Transport Agency and Whakatane District Council) | | |

| | 2021 | 2020 |
|--|--------|--------|
| | \$'000 | \$'000 |

Regional Council rates

Rates were collected on behalf of the following Regional Authorities:

| | | |
|--------------------------------|--------|--------|
| Bay of Plenty Regional Council | 13,026 | 12,145 |
|--------------------------------|--------|--------|

26 Financial instruments

(a) Financial instrument categories

| Council | | Group | |
|---------|--------|--------|--------|
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

FINANCIAL ASSETS

Loans and receivables

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Total cash and cash equivalents (including short-term deposits 3 months or less) | 6,256 | 31,496 | 9,125 | 33,758 |
| Receivables (including community loans) | 27,944 | 28,682 | 9,857 | 10,371 |
| Borrower notes | 3,779 | 3,099 | 3,779 | 3,099 |
| Term deposits | 1,000 | - | 1,224 | - |
| Total loans and receivables | 38,979 | 63,277 | 23,985 | 47,228 |

Fair value through surplus or deficit

| | | | | |
|--|-----------|------------|-----------|------------|
| Shares in associates | 22 | 150 | 22 | 150 |
| Total fair value through surplus or deficit | 22 | 150 | 22 | 150 |

Fair value through other comprehensive revenue and expense

| | | | | |
|---|---------------|---------------|------------|------------|
| Unlisted shares | 61,575 | 51,982 | 264 | 225 |
| Total fair value through other comprehensive revenue and expense | 61,575 | 51,982 | 264 | 225 |

| | | | | |
|-------------------------------|----------------|----------------|---------------|---------------|
| Total financial assets | 100,576 | 115,409 | 24,271 | 47,603 |
|-------------------------------|----------------|----------------|---------------|---------------|

| Council | | Group | |
|---------|--------|--------|--------|
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

| | | | | |
|----------|--------|--------|--------|--------|
| Payables | 21,025 | 19,872 | 21,111 | 20,438 |
|----------|--------|--------|--------|--------|

Borrowings

| | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|
| Registered debenture stock | 10,000 | 10,000 | 10,000 | 10,000 |
| Bank facilities | 5,000 | - | 5,000 | - |
| LGFA borrowings | 226,510 | 216,510 | 226,510 | 216,510 |
| Other loans | 166 | 1,718 | 2,992 | 5,474 |
| Total financial liabilities | 262,701 | 248,100 | 265,613 | 252,422 |

(b) Fair value hierarchy

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

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

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

2021

Council

Financial assets

| | Valuation Technique | | | |
|----------------------|---------------------|---------------------|-------------------|-----------------------------------|
| | Total | Quoted market price | Observable inputs | Significant non-observable inputs |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Borrower notes | 3,779 | - | 3,779 | - |
| Shares in associates | 22 | - | - | 22 |
| Unlisted shares | 61,575 | - | - | 61,575 |

Financial liabilities

| | | | | |
|----------------------------|---------|---|---------|---|
| Registered debenture stock | 10,000 | - | 10,000 | - |
| Bank facilities | 5,000 | - | 5,000 | - |
| LGFA borrowings | 226,510 | - | 226,510 | - |
| Other Loans | 166 | - | 166 | - |

Group

Financial assets

| | | | | |
|----------------------|-------|---|-------|-----|
| Borrower notes | 3,779 | - | 3,779 | - |
| Shares in associates | 22 | - | - | 22 |
| Unlisted shares | 264 | - | - | 264 |

Financial liabilities

| | | | | |
|----------------------------|---------|---|---------|---|
| Registered debenture stock | 10,000 | - | 10,000 | - |
| Registered security stock | 5,000 | - | 5,000 | - |
| LGFA borrowings | 226,510 | - | 226,510 | - |
| Other loans | 2,992 | - | 2,992 | - |

| | Valuation Technique | | | |
|--|---------------------|---------------------|-------------------|-----------------------------------|
| | Total | Quoted market price | Observable inputs | Significant non-observable inputs |
| | \$'000 | \$'000 | \$'000 | \$'000 |

2020

Council

Financial assets

| | | | | |
|----------------------|--------|---|-------|--------|
| Borrower notes | 3,099 | - | 3,099 | - |
| Shares in associates | 150 | - | - | 150 |
| Unlisted shares | 51,982 | - | - | 51,982 |

Financial liabilities

| | | | | |
|----------------------------|---------|---|---------|---|
| Registered debenture stock | 10,000 | - | 10,000 | - |
| LGFA borrowings | 216,510 | - | 216,510 | - |
| Other loans | 1,718 | - | 1,718 | - |

Group

Financial assets

| | | | | |
|----------------------|-------|---|-------|-----|
| Borrower notes | 3,099 | - | 3,099 | - |
| Shares in associates | 150 | - | - | 150 |
| Unlisted shares | 225 | - | - | 225 |

Financial liabilities

| | | | | |
|----------------------------|---------|---|---------|---|
| Registered debenture stock | 10,000 | - | 10,000 | - |
| LGFA borrowings | 216,510 | - | 216,510 | - |
| Other loans | 5,474 | - | 5,474 | - |

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

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

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

| | Council | | Group | |
|--|---------------|---------------|------------|------------|
| | Actual | Actual | Actual | Actual |
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July | 52,132 | 52,836 | 375 | 590 |
| Capital movement | 750 | - | - | (75) |
| Write off of investment through surplus and deficit | (150) | (60) | (150) | - |
| Change in fair value of investment through surplus and deficit | 932 | 13 | 61 | (140) |
| Gains and losses recognised in other comprehensive revenue and expense | 7,934 | (657) | - | - |
| Balance at 30 June | 61,597 | 52,132 | 286 | 375 |

Any hedging must be approved by Council.

(c) Financial instrument risks

The Council and Group's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risks.

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

Market risk

Price risk

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

Currency risk

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

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

Interest rate risk

The interest rate risk comprises:

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

To manage these risks the Council's current fixed rate maturity profile limits, in accordance with the Council's Treasury Policy, are:

| | Minimum Fixed Rate | Maximum Fixed Rate |
|-------------------------|--------------------|--------------------|
| Term of exposure | | |
| Year 1 | 40% | 90% |
| Years 2 and 3 | 30% | 85% |
| Year 4 | 25% | 75% |
| Year 5 to Year 12 | 0% | 70% |
| Year 13 and over | 0% | 25% |

Note 17 provides further information on term loan interest rates and maturity profile.

Credit risk

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

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

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

Maximum exposure to credit risk

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

| | Council | | Group | |
|---|----------------|----------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank and term deposits | 6,256 | 31,496 | 9,125 | 33,758 |
| Term deposits | 1,000 | - | 1,224 | - |
| Receivables (including community loans) | 27,944 | 28,682 | 9,857 | 10,371 |
| Borrower notes | 3,779 | 3,099 | 3,779 | 3,099 |
| Shares in associates | 22 | 150 | 22 | 150 |
| Unlisted shares | 61,575 | 51,982 | 264 | 225 |
| Financial guarantees | 350 | 574 | 350 | 574 |
| Total credit risk | 100,926 | 115,983 | 24,621 | 48,177 |

The Council is exposed to credit risk as a guarantor of all of the NZ LGFA's borrowings. Information about this exposure is explained in Note 22.

Credit quality of financial assets

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

| Council | | Group | |
|---------|--------|--------|--------|
| 2021 | 2020 | 2021 | 2020 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Counterparties with credit ratings:

| | | | | |
|---|--------------|---------------|---------------|---------------|
| Cash at bank and term deposits (AA-) | 7,256 | 31,496 | 10,349 | 33,758 |
| Total cash at bank and term deposits | 7,256 | 31,496 | 10,349 | 33,758 |

| | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| Borrower notes (AA+) | 3,779 | 3,099 | 3,779 | 3,099 |
| Total government bonds | 3,779 | 3,099 | 3,779 | 3,099 |

Counterparties without credit ratings

| | | | | |
|----------------------|---------------|---------------|------------|------------|
| Unlisted shares | 61,575 | 51,982 | 264 | 225 |
| Shares in associates | 22 | 150 | 22 | 150 |
| Total shares | 61,597 | 52,132 | 286 | 375 |

| | | | | |
|--|---------------|---------------|----------|------------|
| Existing counterparty with no defaults in the past | 17,210 | 17,210 | - | 121 |
| Total loans to subsidiaries | 17,210 | 17,210 | - | 121 |

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

Liquidity risk

Management of liquidity risk

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

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

The Council has a maximum amount that can be drawn down against its bank facilities of \$35,000,000 (2020: \$50,000,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

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

| Carrying Amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5 years | More than 5 years |
|-----------------|------------------------|------------------|-----------|-----------|-------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council 2021

| | | | | | | |
|----------------------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Payables | 21,025 | 21,025 | 21,025 | - | - | - |
| Financial guarantees | 350 | 350 | 350 | - | - | - |
| Registered debenture stock | 10,000 | 10,660 | 527 | 10,133 | - | - |
| Bank facilities | 5,000 | 5,000 | 5,000 | - | - | - |
| LGFA borrowings | 226,510 | 255,289 | 28,292 | 32,127 | 86,532 | 108,338 |
| Other loans | 166 | 166 | 166 | - | - | - |
| Total | 263,051 | 292,490 | 55,360 | 42,260 | 86,532 | 108,338 |

Council 2020

| | | | | | | |
|----------------------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Payables | 19,872 | 19,872 | 19,872 | - | - | - |
| Financial guarantees | 574 | 574 | 574 | - | - | - |
| Registered debenture stock | 10,000 | 11,319 | 527 | 527 | 10,265 | - |
| LGFA borrowings | 216,510 | 251,905 | 49,335 | 15,451 | 68,875 | 118,244 |
| Other loans | 1,718 | 1,718 | 1,552 | 166 | - | - |
| Total | 248,674 | 285,388 | 71,860 | 16,144 | 79,140 | 118,244 |

| Carrying Amount | Contractual cash flows | Less than 1 year | 1-2 years | 2-5 years | More than 5 years |
|-----------------|------------------------|------------------|-----------|-----------|-------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Group 2021

| | | | | | | |
|----------------------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Payables | 21,111 | 21,111 | 21,111 | - | - | - |
| Financial guarantees | 350 | 350 | 350 | - | - | - |
| Registered debenture stock | 10,000 | 10,660 | 527 | 10,133 | - | - |
| Bank facilities | 5,000 | 5,000 | 5,000 | - | - | - |
| LGFA borrowings | 226,510 | 255,289 | 28,292 | 32,127 | 86,532 | 108,338 |
| Other loans | 2,992 | 3,064 | 166 | 2,898 | - | - |
| Total | 265,963 | 295,474 | 55,446 | 45,158 | 86,532 | 108,338 |

Group 2020

| | | | | | | |
|----------------------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Payables | 20,438 | 22,177 | 22,177 | - | - | - |
| Financial guarantees | 574 | 574 | 574 | - | - | - |
| Registered debenture stock | 10,000 | 11,319 | 527 | 527 | 10,265 | - |
| LGFA borrowings | 216,510 | 251,905 | 49,335 | 15,451 | 68,875 | 118,244 |
| Other loans | 5,474 | 5,474 | 1,552 | 172 | 3,750 | - |
| Total | 252,996 | 291,449 | 74,165 | 16,150 | 82,890 | 118,244 |

Contractual maturity analysis of financial assets

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

| | Carrying amount | Contractual cash flows | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|--|-----------------|------------------------|------------------|-----------|-----------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Council 2021

| | | | | | | |
|--|--------|--------|--------|----|--------|---|
| Cash and cash equivalents (including short term deposits 3 months or less) | 6,256 | 6,256 | 6,256 | - | - | - |
| Term deposits | 1,000 | 1,004 | 1,004 | - | - | - |
| Receivables | 27,944 | 27,944 | 10,644 | 31 | 17,269 | - |

Other financial assets:

| | | | | | | |
|----------------------|----------------|----------------|---------------|------------|---------------|--------------|
| Borrower notes | 3,779 | 3,779 | 160 | 522 | 1,314 | 1,783 |
| Shares in associates | 22 | 22 | 22 | - | - | - |
| Unlisted shares | 61,575 | 61,575 | 61,575 | - | - | - |
| Total | 100,576 | 100,580 | 79,661 | 553 | 18,583 | 1,783 |

Council 2020

| | | | | | | |
|--|--------|--------|--------|---|--------|---|
| Cash and cash equivalents (including short term deposits 3 months or less) | 31,496 | 31,496 | 31,496 | - | - | - |
| Receivables | 28,682 | 28,682 | 11,351 | - | 17,331 | - |

Other financial assets:

| | | | | | | |
|----------------------|----------------|----------------|---------------|------------|---------------|--------------|
| Borrower notes | 3,099 | 3,099 | 320 | 160 | 875 | 1,744 |
| Shares in associates | 150 | 150 | 150 | - | - | - |
| Unlisted shares | 51,982 | 51,982 | 51,982 | - | - | - |
| Total | 115,409 | 115,409 | 95,299 | 160 | 18,206 | 1,744 |

| | Carrying amount | Contractual cash flows | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|--|-----------------|------------------------|------------------|-----------|-----------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Group 2021

| | | | | | | |
|--|-------|-------|-------|----|---|---|
| Cash and cash equivalents (including short term deposits 3 months or less) | 9,125 | 9,125 | 9,125 | - | - | - |
| Term deposits | 1,224 | 1,224 | 1,224 | - | - | - |
| Receivables | 9,857 | 9,857 | 9,826 | 31 | - | - |

Other financial assets:

| | | | | | | |
|----------------------|---------------|---------------|---------------|------------|--------------|--------------|
| Borrower notes | 3,779 | 3,779 | 160 | 522 | 1,314 | 1,783 |
| Shares in associates | 22 | 22 | 22 | - | - | - |
| Unlisted shares | 264 | 264 | 264 | - | - | - |
| Total | 24,271 | 24,271 | 20,621 | 553 | 1,314 | 1,783 |

Group 2020

| | | | | | | |
|--|--------|--------|--------|---|---|---|
| Cash and cash equivalents (including short term deposits 3 months or less) | 33,758 | 33,758 | 33,758 | - | - | - |
| Receivables | 10,371 | 10,371 | 10,371 | - | - | - |

Other financial assets:

| | | | | | | |
|----------------------|---------------|---------------|---------------|------------|------------|--------------|
| Borrower notes | 3,099 | 3,099 | 320 | 160 | 875 | 1,744 |
| Shares in associates | 150 | 150 | 150 | - | - | - |
| Unlisted shares | 225 | 225 | 225 | - | - | - |
| Total | 47,603 | 47,603 | 44,824 | 160 | 875 | 1,744 |

Sensitivity analysis

The following table illustrates the potential surplus and deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposure as at balance date:

| | 2021 | | | | 2020 | | | |
|--|------------|--------------|-------------|--------------|------------|--------------|-------------|--------------|
| | \$'000 | | | | \$'000 | | | |
| | -100bps | -100bps | +100bps | +100bps | -100bps | -100bps | +100bps | +100bps |
| | Surplus | Other equity | Surplus | Other equity | Surplus | Other equity | Surplus | Other equity |
| Council | | | | | | | | |
| INTEREST RATE RISK | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | -63 | - | 63 | - | -315 | - | 315 | - |
| Financial liabilities | | | | | | | | |
| Borrowings: | | | | | | | | |
| - Debenture stock / LGFA / Bank facilities | 723 | - | -723 | - | 423 | - | -423 | - |
| Total sensitivity | 661 | - | -661 | - | 108 | - | -108 | - |
| | | | | | | | | |
| | 2020 | | | | 2019 | | | |
| | \$'000 | | | | \$'000 | | | |
| | -100bps | -100bps | +100bps | +100bps | -100bps | -100bps | +100bps | +100bps |
| | Surplus | Other equity | Surplus | Other equity | Surplus | Other equity | Surplus | Other equity |
| Group | | | | | | | | |
| INTEREST RATE RISK | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | -91 | - | 91 | - | -338 | - | 338 | - |
| Financial liabilities | | | | | | | | |
| Borrowings: | | | | | | | | |
| - Debenture stock / LGFA | 723 | - | -723 | - | 423 | - | -423 | - |
| Total sensitivity | 632 | - | -632 | - | 85 | - | -85 | - |

Explanation of interest rate risk sensitivity

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

27 Explanation of major variances against budget

Explanations of major variations against the budget information at the start of the financial year are as follows:

Statement of Comprehensive Revenue and Expense

Rotorua Lakes Council recorded a deficit of \$11.6 million compared to a budgeted surplus of \$26.9 million.

The major reasons for the variance of \$38.5 million between actual and budgeted result are as follows:

Revenue

Revenues were \$16.8m lower than budget with major variances including:

- Subsidies and grants revenue was \$21.1m lower than budget due to delay in delivery of key projects deferring application of funding received. Key projects included the Rotorua Museum restoration and Sir Howard Morrison Performing Arts Centre renovations.
- Other Revenue was \$3.7m higher than budget due to increased revenue from fees and charges, lease and rental income and other trading revenue (including building consents). Additionally, a \$0.9m gain on fair value of investments was recognised which is not budgeted.
- Development and Financial Contributions up \$0.7m due to increased number of resourced consent applications received.

Expenditure

Expenditure was \$21.7m higher than budget with major variances including:

- Depreciation and amortisation costs were \$9.9m above budget due to increases in asset costs for roading and water assets following revaluation as at 1 July 2020.
- Finance costs were \$1.7m below budget due to lower debt drawdowns for key capital projects which experienced delays due to covid and other factors, and decreased interest rates in the period.
- Other Expenses were \$12.2m higher than budget due to loss on disposal of water and roading assets, increased use of consultants to fill staff vacancies, and increased security costs inline with the 2030 vision goal: Vibrant city heart.

Key variances included:

- \$5.2m loss on disposal of property, plant and equipment, predominantly roading and water assets connected to the 1 July revaluation (not budgeted);
- \$1.6m impairment of property, plant and equipment, which is primarily related to the closure of the Blue Baths following earthquake strength assessment (not budgeted);
- \$2.5m higher in consultants fees due to meet demand in building and consenting as well as towards the build back better initiative and housing strategy;
- \$1.3m higher grants and contributions made, which included a new Community Resilience Fund which was established to help following Covid; and
- \$0.6m higher security and monitoring costs due to community safety initiative and required presence at repair sites such as Museum and SMPAC following damages during repair works.

Statement of Financial Position

Overall net assets are \$90.6m above budget. Significant variances are as follows:

Current Assets

Receivables are lower than budget by \$4.6m due to increased provision for doubtful debts and lower than forecast current loans to related parties. The budget forecast the full InfraCore loan to be current during the financial period.

Non - current assets

Property, plant and equipment (including work in progress) was \$72m higher than budget due to a combination of asset additions and revaluation gains on roading, land and water assets.

Investment in CCOs are \$7.2m higher due to an increase in the fair value assessment of the investment in Rotorua Regional Airport Limited of \$7m, following revaluation of their applicable assets.

Intangible assets were \$5.5m less than budget due to delay in implementation and capitalisation of ERP system.

Loans receivable are \$2m higher due to a smaller portion of loans to related parties being classified as current due.

Current Liabilities

Payables and deferred revenue are \$18m higher than budget due to funding received for a number of key capital projects that can only be recognised when deliverables achieved.

Current borrowings are \$13m higher than budget due to historical drawdowns for capital projects becoming due in the coming financial year.

Non - current liabilities

Borrowings are \$48m lower than budget due to delayed timing of expenditure on major capital projects and high cash balance held at 1 July 2020 leading to reduced borrowings.

Provisions are \$1.5m lower than budget due to a reduction in the landfill aftercare provision.

28 Insurance

Rotorua Lakes Council is part of a regional collective of local authorities for insurance purposes. Through the collective economies of scale, Council has access to the best process and cover.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidiary towards the restoration of roads.

Material Damage - \$656,609,000

The Council's Material Damage programme is split into two policies; one including Fire Losses and one excluding Fire Losses. The Excluding Fire Loss policy is based on a full replacement basis and the policy limit is the replacement value of the asset(s) as declared. The Fire Policy has a policy limit of \$70,000,000 for each and every loss, and in the annual aggregate.

The Risk Management Strategy (RMS) and Reinsurance Management Strategy (REMS) identify the Group's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Group. Annually, the Board certifies to Australian Prudential Regulation Authority (APRA) that adequate strategies have been put in place to monitor those risks, that the Group has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to the compliance with the RMS and REMS.

Fine Arts - \$26,671,000

This cover is for the total replacement value of art and artefacts owned by the Council.

Commercial Motor Vehicles - \$2,085,000

Motor vehicle insurance is up to the market value of each individual vehicle covered under the policy.

Infrastructure - \$863,838,000

This policy provides cover for 40% of the loss, with the remaining 60% of the loss to be funded by Central Government. The overall limits on this policy for the Group have been increased to \$500,000,000, with Rotorua Lakes Council having a sub-limit of \$250,000,000.

Business Interruption - \$5,450,000

This policy provides cover for loss of rents revenue and receivables. There is a shared \$8,000,000 Additional Increased Cost of Working limit with the Regional collective and this provides cover for consequential loss through physical damage to any property used by Council.

Self-insured Assets

Council senior managers and engineers have determined on a risk based and cost benefit approach to self-insure certain types of assets, where return to full service capability can be managed over time without a significant impact on the community. Such assets with significant value include roading and rural stormwater assets.

29 Events after balance date

InfraCore Loan (Note 8)

During August 2021 an agreement was reached to forgive \$1 of debt for every \$1 of debt repayment made by Infracore up to and including 30 June 2022. Based on the expected debt repayment up to 30 June 2022, the debt forgiveness is forecast to be \$936,000.

Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme- a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

The reform programme plans to transfer the three-water delivery from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government announced the proposed regional boundaries for each WSE which would manage the assets for the country. The Council would belong to Entity B, which covers the Central North Island. The WSE's will be independent with a separate Board of Directors and Councils would have no shareholding and no financial interest.

A preliminary position on the Programme was released by Council that largely agrees with the drivers and need for change but noted a number of concerns to be addressed. A working group will be formed by the Government to consider governance and accountability arrangements for the entities in response to concerns expressed by Councils. At the date of this annual report being approved for issue there is still considerable uncertainty in respect of the extent of the impacts on Council.

Following the announcement by the Local Government Minister on 27 October 2021 regarding Central Government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance with the accounting policies set out in Note 13. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected Central Government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Impact of COVID-19

Subsequent to balance date in August 2021, the Rotorua District moved to Level 4 with the rest of New Zealand. This alert level was reduced to Level 2 during September 2021.

At Alert Level 3 and 4 Council buildings were closed to the public in accordance with government requirements and services were available to the public by phone or email. All public facilities were closed under Alert Level 4, with many reopening as social distancing allowed under Alert Level 3. All critical functions such as infrastructure servicing, water services and waste management was maintained through all levels.

Rotorua Lakes Council: Funding Impact Statement for the year ended
30 June 2021 for Whole of Council

| | 2020 | | 2021 | |
|-----------------------------------|------------------------------|------------------------------------|------------------------------|--|
| Annual Plan 2019/20 (\$000) | Actual 2019/20 (\$000) | *Annual Plan 2020/21 (\$000) | Actual 2020/21 (\$000) | |

| Sources of operating funding | | | | |
|--|----------------|----------------|----------------|----------------|
| General rates, uniform annual general charges, rates penalties* | 60,169 | 58,340 | 59,728 | 58,266 |
| Targeted rates | 37,202 | 38,578 | 42,284 | 43,116 |
| Subsidies and grants for operating purposes | 4,112 | 3,995 | 3,745 | 5,991 |
| Fees and charges | 8,513 | 8,835 | 3,442 | 9,172 |
| Interest and dividends from investments | 134 | 1,094 | 134 | 718 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 8,458 | 5,358 | 8,589 | 5,731 |
| Total operating funding (A) | 118,589 | 116,201 | 117,923 | 122,994 |

| Applications of operating funding | | | | |
|--|---------------|---------------|----------------|----------------|
| Payments to staff and suppliers | 87,949 | 89,766 | 92,701 | 100,486 |
| Finance costs | 9,948 | 7,866 | 8,720 | 6,977 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 97,897 | 97,632 | 101,420 | 107,463 |

| | | | | |
|--|--------|--------|--------|--------|
| Surplus (deficit) of operating funding (A – B) | 20,692 | 18,569 | 16,503 | 15,531 |
|--|--------|--------|--------|--------|

| Sources of capital funding | | | | |
|--|---------------|---------------|----------------|---------------|
| Subsidies and grants for capital expenditure | 29,838 | 18,402 | 42,561 | 19,219 |
| Development and financial contributions | - | 796 | - | 669 |
| Increase (decrease) in debt | 36,231 | 21,718 | 57,012 | 13,448 |
| Gross proceeds from sale of assets | 4,000 | 75 | 2,000 | (0) |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 70,069 | 40,990 | 101,573 | 33,336 |

| Applications of capital funding | | | | |
|--|---------------|---------------|----------------|---------------|
| Capital expenditure— | | | | |
| • to meet additional demand | 420 | 151 | 2,675 | 747 |
| • to improve the level of service | 64,157 | 41,276 | 89,142 | 39,039 |
| • to replace existing assets | 26,184 | 20,459 | 24,509 | 27,585 |
| Increase (decrease) in reserves | - | (872) | - | (19,784) |
| Increase (decrease) of investments | - | (1,454) | 1,750 | 1,279 |
| Total applications of capital funding (D) | 90,761 | 59,559 | 118,076 | 48,867 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Surplus (deficit) of capital funding (C – D) | (20,692) | (18,569) | (16,503) | (15,531) |
|--|-----------|-----------|-----------|-----------|

| | | | | |
|--|----------|----------|----------|----------|
| Funding balance ((A - B) + (C - D)) | - | - | - | - |
|--|----------|----------|----------|----------|

Ngā Whakahaere i Raro i te Mana o te Kaunihera Council Controlled Organisations

Council-controlled organisations (CCO) give a local authority the opportunity to engage people with the right skills and experience to focus on operating a business or other undertaking on behalf of the local authority.

To achieve specific objectives for Rotorua, the Council has established several Council-controlled organisations. These organisations, supported by Rotorua Lakes Council, manage council facilities and/or deliver significant services on behalf of the Council and the Rotorua community.

These include:

- Rotorua Regional Airport Ltd
- InfraCore Ltd
- Rotorua Economic Development Ltd
- Bay of Plenty LASS Ltd
- Waikato LASS Ltd

The following summaries explain what they do and what they have achieved over the past year, and sets out an overview of their performance. Targets set are included in each CCO's statement of intent.

Would you like to know more? For further information, please see the individual CCOs' statements of intent and annual reports, which are available via their websites.

Rotorua Regional Airport Ltd

What we do?

Rotorua Regional Airport Limited (RRAL) is a limited liability company which trades as Rotorua Airport. It is fully owned by Rotorua Lakes Council, and is a council controlled trading organisation as defined under section 6 of the Local Government Act 2002.

Airport operations are managed by a chief executive reporting to the company's board of directors.

RRAL purpose is to maintain a safe and efficient airport operation whilst optimising the use of its assets to facilitate, growth in tourism and trade, other commercial activity and airport profitability. RRAL is responsible for the ongoing capital development and maintenance of the airport assets and ownership of the core infrastructure.

What we're working towards



Business innovation and prosperity



Employment choices



Outstanding places to play

Structure of the Company's operations, including governance arrangements (30 June 2021):

Rotorua Regional Airport is led by Chief Executive Mark Gibb and governed by an independent board of directors.

The following Directors held office as at 30 June 2021: Date of appointment

| | |
|-------------------------|------------------------|
| Peter Stubbs (Chairman) | 21/05/2014 |
| John Fenwick | 01/10/2017 |
| Anthony John Marks | 01/07/2016- 25/06/2021 |
| Mere George | 05/03/2020 |
| Danielle Auld | 05/03/2020 |

COVID-19 Disclosure

Covid-19 has had a significant impact on the operations and financial performance of RRAL. As a Lifeline Utility and of key local and regional infrastructural significance Rotorua Airport has maintained full operational capability throughout the COVID event and across alert level escalation and de-escalation. The following specific disclosures are made:

- *Throughout the COVID-19 event and across alert level escalation and de-escalation Rotorua Airport has maintained full operational continuity;*
- *RRAL fully adapted to the challenges of COVID-19 on its people and business. Where required staff adapted to working under the constraints and restrictions of our Business Continuity Plan (BCP);*
- *RRAL met and embraced Ministry of Health and Ministry of Transport guidance and mandatory requirements around operations and staff and passenger safety;*
- *RRAL maintained its full organisational structure (14 full time employees). Where required split shifts, staff isolation and revised ways of working were adopted to ensure we maintained a safe working environment preserving airport operational continuity; and*
- *All performance indicators as noted under RRAL's SOI were maintained and reported against through the event.*

Highlights of the year

What we achieved in the last year

- Managed health and safety risks and provide a safe environment for everyone affected by the activities of the airport including employees, customers, tenants, contractors and visitors.
- Developed a commercial network that best meets the needs of the residents and businesses in the region
- Redeveloped the original terminal, taking the opportunity to showcase the best of what Rotorua has to offer.
- Continued the terminal development, taking the opportunity to showcase the best of what Rotorua has to offer, and the Fire Station. RRAL has continued to enhance the terminal facilities, key projects completed over the period included:
 - Opening of a Business Hub;
 - Completion of a full bilingual project across all terminal wayfinding signage;
 - Completion of a Port of First Arrival facility;
 - Opening of a Parents Room – The Karamuramu Room;
 - Opening of a Meeting Room – The Mokoia Room;
 - The renaming of the main airport entry road – Waikawa Crescent;
 - The restoration, refitting and blessing of the Airport terminal carvings.
- Engaged the community and staff by being welcoming and ensuring the airport is an asset that they can be proud of. RRAL has maintained and enhanced connections with its community over the last 12 months. Key initiatives have included:
 - The publication of Haere Mai magazine in Spring and Autumn 2021;
 - Hosted a sponsors event for Ride the Runway;
 - Hosted Ride the Runway with circa 1000 event registrations;
 - Hosted a number of community groups at the Airport, providing demonstrations of our emergency response capability; and
 - Hosted Operation 'WiseOwl' with the NZ Airforce during the period 17th to the 28th May 2021.

In April 2021 the Rotorua Airport terminal redevelopment was named as a finalist in the 2021 Property Council of New Zealand Awards.

- Managed and maintained business-critical infrastructure, services and facilities for all users of the Airport.
- Built non-aviation revenue and optimised existing assets, including unlocking the potential of the unused airport land. RRAL has advanced a number of key development initiatives within the last twelve (12) months, these include;

Precinct A - General Airport Business and Heliport Precinct

- Phase 1 Development Business case approved;
- Jet facilities – Fixed Base Operations (FBO) feasibility advanced

Precinct B - General Aviation Hangars

- Phase 1 Development Business case approved;
- Phase 1 Fire and Operations training facilities approved

Terminal

- Enhanced Retail facilities – feasibility advanced.

The successful completion of these developments will enable RRAL to move towards a position of self-funding through generation of revenue streams from its strategic land holdings.

- Support the wider plan change for the area surrounding the Rotorua Regional Airport.
- Be advocates for achieving wider wellbeing outcomes (Social, Cultural, Economic) through planned economic investment, and incorporating procurement practices, aligned with any changes in Council’s procurement policy when completed.
- Support Rotorua Lakes Council partnership with Te Arawa by working with the broader Te Arawa stakeholders, especially mana whenua from within the Rotorua Regional Airport area. The redevelopment of the terminal is a key opportunity to include bilingual signage and to represent Te Arawa stories and values.

Performance Measures

| Measure | Note | 2021 Target | 2021 Actual | Achieved/Not Achieved | 2020 Actual |
|--|------|---------------|--------------|-----------------------|-------------|
| Aircraft Movements | 1 | 5,640 | 4,935 | Not Achieved | 5,842 |
| Passenger Movements | 2 | 124,043 | 179,500 | Achieved | 205,143 |
| Support Rotorua Reorua | 3 | | | Achieved | |
| Support Plan Change for the wider area | 4 | | | Achieved | |
| Develop Funding Model to support non-aviation revenue | 5 | | | Achieved | |
| Build non-aviation revenue and optimise existing assets, including unlocking the potential of the unused airport land, including development of airport precincts in line with the agreed masterplan | 6 | | | Achieved | |
| Number of Controllable Safety Incidents | 7 | 0.0 | 0 | Achieved | 0 |
| Number of employee Injuries (days off work) | 8 | 1.0 | 1.0 | Achieved | 0 |
| Customer Service Rating | 9 | 8.0 out of 10 | Refer note 9 | Not Achieved | Suspend |

Note (1) Aircraft movements were down significantly against forecast as a result of the closure of a significant Waikato based flight training school due to COVID-19 that utilised heavily Rotorua Airport’s facilities for circuit training and landings.

Note (2) As a result of the direct impacts of COVID-19 aviation passenger numbers were reforecast to be significantly lower than FY20. Positively though Air NZ rebalanced their domestic schedules and with a surge in domestic tourism passenger movements recovered significantly with both the Wellington and Christchurch sectors being strong performers.

Note (3) RRAL is an advocate in supporting Rotorua Lakes Council’s partnership with Te Arawa. The redevelopment of the Airport terminal provided an opportunity for the provision of bilingual signage and the successful restoration of carvings that have adorned the terminal building since the early 1980’s.

Note (4) RRAL has strongly supported the Rotorua Eastside Community Wellness Plan te Oranga Nui - Rāwhiti Mai.

Note (5) (6) Project Performance - In November 2020 RRAL was successful in obtaining approval from RLC’s Strategy Policy & Finance (‘SP&F’) Committee to borrow up to \$4.24m (\$3.85m + 10% contingency if required) from the LGFA to invest in five strategic initiatives. In June 2021 the first three projects obtained conditional Business case approval to advance, the remaining two projects are progressing through feasibility assessment.

Note (7) (8) RRAL has developed and had certified by the Civil Aviation Authority a Safety Management System (SMS). The purpose of RRAL’s SMS is to provide a systemic approach to managing safety.

RRAL’s SMS is designed to:

- Manage risks within an organisation, with a particular focus on risks which impact safety;
- Provide for ongoing monitoring and assessment of safety performance;
- Make continuous improvements to the level of safety in operations; and
- Develop and improve the safety culture within an organization.

Note (9) Customer service rating – the comments box to measure customer service rating was removed as a result of COVID-19 operating constraints within the terminal. The customer service rating will move to an online system from FY22.

RRAL has developed a detailed system to manage its SMS and Health and Safety obligations. Within this Controllable Safety Incidents and Employee Injuries (days off work) are monitored;

FY19

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) - 0

FY20

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) - 0

FY21

- Number of controllable safety incidents - 0
- Number of employee injuries (days off work) – 1

Financial performance

| | 2021 Target | 2021 Actual | Achieved/Not Achieved | 2020 Actual |
|----------------------------|-------------|-------------|-----------------------|-------------|
| Total Revenue | 2,780,071 | 4,903,363 | Achieved | 5,067,141 |
| Total Expenses | 6,055,654 | 6,092,323 | Not Achieved | 5,492,733 |
| Surplus/Deficit before Tax | (3,275,583) | (1,188,960) | Achieved | (425,592) |
| Capital expenditure | 490,000 | 406,639 | Achieved | 6,808,976 |

Note (1) Given that the financial targets in the Statement of Intent are individual targets, total revenue less total expenses do not necessarily equate net surplus (deficit) after tax.

Income derived from Council

| | 2021 \$000's | 2020 \$000's |
|--|-----------------|-----------------|
| | 2,535,202 | 2,663,580 |

Infracore Ltd

What we do?

InfraCore is a Council Controlled Organisation created as a social enterprise to deliver essential services to Rotorua Lakes Council, and its residents and visitors. InfraCore is in the business of maintaining, managing and constructing infrastructure and facilities assets. The company's main service offerings are:

- Asset management of above and underground infrastructure assets including planned and reactive activities, life cycle data analysis and capital build activities.
- Maintaining and constructing parks infrastructure, including but not limited to public gardens, reserves, playgrounds, sports fields and tree surgeon services.
- Maintaining and constructing drinking water, wastewater and storm-water infrastructure networks.
- Civil construction and maintenance work associated with transport solutions including footpath, paving and street furniture type assets.
- Providing janitorial services, street cleaning and maintenance services for public and park infrastructure assets.
- Cemetery and Crematorium management and operation services.
- Nursery services, including plant propagation, sale, lease and care services.
- Project management of capital budget works from build through to asset management of new and existing infrastructure networks.

InfraCore's traditional capabilities are in the management of the programming and physical execution of these works and as such we employ a wide variety of field staff, with a diverse array of skills and capabilities.

What we're working towards

InfraCore has a vision to become a cornerstone to delivering the Rotorua Lakes Council 2019-2022 Council priorities, many of which are invisible to the residents and visitors. By acting in partnership and operating efficiently, Infracore will become the partner of choice not only by delivering a quality product, but by also delivering other tangible benefits to the region.

InfraCore is committed to working with central and local Government to deliver positive social outcomes, by providing an opportunity for Rotorua residents to constructively enter or re-enter the workforce and to break the cycle that leads to negative life choices. In the long-term, this will reduce the burden on the ratepayer and lead to more positive, sustainable outcomes that provide a bright future for Rotorua inc.

InfraCore is committed to treating our employees with respect and dignity, and to operating to our company values. We believe that this is necessary to provide workers with an employment status that allows them build a life and to contribute towards the Rotorua region as active members of the community. InfraCore supports the belief that active employment contributes towards making positive life choices and therefore supports Rotorua Incorporated.

InfraCore will achieve this by:

- Aligning and partnering with Rotorua Lakes Council vision and providing an unprecedented level of flexibility.
- Strategically partnering 3rd party suppliers in order to further increase the level of opportunity.
- Creating opportunities for Rotorua residents, to work locally in an environment that is meaningful to them.
- Setting our standards high and paying an appropriate wage, and in turn enable workers to live with dignity and to participate as active citizens in the Rotorua Region.
- Being a good place to work, by supporting our employees to be the best that they can be. Growing to become a high quality, high value organisation that delivers more than operational outcomes for the region, the employee and the ratepayer.

Structure of the Company's operations, including governance arrangements (30 June 2021):

InfraCore's Board of Directors is appointed by the Shareholder, and is responsible for the direction and control of the company's activities. The company's Constitution provides that the Board will consist of between four and six Directors.

Infracore is led by Chief Executive Matthew Scott and governed by an independent board of directors.

The following Directors held office as at 30 June 2021: Date of appointment:

| | |
|-----------------------------------|------------|
| John McRae (Chair) | 10/08/2015 |
| Vivienne Scott | 09/01/2019 |
| Brent Whibley | 09/01/2019 |
| Tupara Morrison | 01/05/2021 |
| Geoffrey Rolleston | 01/05/2021 |
| Christiaan Van Florenstein Mulder | 01/05/2021 |

Performance Measures

| Measure | Target | Achieved/ Not Achieved | Comment |
|---|---|------------------------------|--|
| To achieve financial budget | To achieve financial budget allowing any future surpluses to be used to enhance business capability and invest in further plant and equipment and/or capability | Achieved | Budget was set to break even and a surplus of \$870k was achieved. |
| To secure additional revenue within this financial year that upon completion has a positive contribution to margin. | To secure additional revenue streams within the financial year that increases EBITDA compared to budget. This will be measured upon project completion, and monitored on a monthly basis. | Achieved | Total project revenue of \$2.5m received during the financial year, which includes additional project work from RLC and other parties. 2 of these projects were still in progress at 30 June 2021. |
| Consolidated KPI scoring Parks and Open Spaces | 80% | Achieved | Annual Average 82.37% |
| Consolidated KPI Utilities | 80% | Achieved | Annual Average 87.25% |
| Targeting full employee engagement with Health and Safety | 80% | Achieved | 93.8%. This was based upon employee attendance in the health and safety committee representative meetings. |
| Gain ISO 9001 accreditation | Maintain | Not achieved | At 30 June, InfraCore was awaiting the final audit to gain ISO accreditation. |
| Individual performance plan in place per employee | 90% | Achieved | 100%. All InfraCore employees have individual performance plans that are set with their managers. We have a performance management process that is followed, with annual and 6 monthly reviews. |
| Develop and document social enterprise project of work | 3 | Achieved | 1 project completed in conjunction with RLC and PGF 1 project completed with RLC – utilising / extending the redeployment resource 1 MOU signed with corrections for employment pathways 1 Contract signed with MSD to deliver employment and training. |
| Understand the satisfaction level of the beneficiaries of the social enterprise's activities (Engagement survey) | 80% | Achieved | 100% based upon 3 feedback datasets from corrections (no new employees during Q3 or Q4) |

Financial performance

| | 2020/21 \$000's | 2019/20 \$000's |
|--------------------------------|--------------------|--------------------|
| Revenue | 15,809 | 15,529 |
| Expenditure | 14,939 | 15,411 |
| (Deficit)/Surplus | 870 | 118 |
| Tax Benefit/(Expense) | - | - |
| Net surplus/(deficit) for year | 870 | 118 |

Income derived from Council

| | 2020/21 \$000's | 2019/20 \$000's |
|--|--------------------|--------------------|
| | 14,194 | 13,009 |

Rotorua Economic Development Ltd

What we do?

Rotorua Economic Development (RED) is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. We connect people, land, capital and ideas.

Our work directly supports the development of Rotorua's economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all our people. RED works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance Rotorua's identity and reputation. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

The work we do helps to:

- lift economic performance across the Rotorua district, with a particular focus on tourism, forestry and wood processing, natural hot springs and wellness, film/TV/creative technology, alternative land use opportunities, and Te Arawa investments
- attract, retain and grow investment, talent and business across the district
- ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- create unforgettable memories for all our visitors, including business event delegates
- support RLC's partnership with Te Arawa to help them realise their aspirations.

We do this by focusing on five key priorities that the RLC set out for us in their annual letter of expectation:

- Destination development
- Business growth and investment attraction
- Skills, education and talent
- Sustainable business practices
- Growing the visitor economy

What we're working towards



Business innovation and prosperity



Employment choices



Outstanding places to play

Structure of the Company's operations, including governance arrangements (30 June 2021):

Rotorua Economic Development (RED) is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). RED is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. RED's key trading activities and brands are Destination Rotorua, i-SITE, Rotoruanz.com and Famously Rotorua and it also operates as Rotorua's Convention Bureau.

RED is led by Chief Executive Andrew Wilson and governed by an independent board of directors.

| The following Directors held office as at 30 June 2021: | Date of appointment: |
|--|-----------------------------|
| Mr John Walter McRae- Chairperson | 14/04/2020 |
| Mr Christopher Auld | 27/07/2016 |
| Mr Tim Mark Thomas Cossar | 09/06/2020 |
| Mr Aaron Wilfred Donnelley | 01/07/2020 |
| Mr Desterney Mana Newton | 14/04/2020 |
| Ms Keri-anne Tane | 01/05/2021 |
| Mr David Tapsell | 01/05/2021 |
| Dr Ganesh Nana | 22/08/2019 – 28/01/2021 |

At the time of printing this report, the results for Rotorua Economic Development Ltd year ending 30 June 2021 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

2021 Key Performance Measures

| Measure | Target | Actual | Achieved/ Not Achieved | Comment |
|--|--------------|-----------|---------------------------|--|
| Provide relevant destination data and insights in target sectors to support investment and reinvestment decision making by business. Subject matter of insights will be delivered during the year based on relevance and need. | >= 6 | 19 | Achieved | Data and insights were provided to existing businesses and prospective new investors engaged in visitor activities, horticultural exports, horticultural infrastructure, Māori agribusiness, electrical vehicles and export coaching programs. |
| Level of satisfaction of businesses going through the ACCELERATE programme | >= 80% | #N/A | #N/A | Council approved the removal of the ACCELERATE programme from the 2020-21 Statement of Intent reporting requirements. |
| i-SITE to be financially sufficient Revenue at least 30% pre-COVID level (i.e. year-end December 2019 \$1.76m) | >= \$528,135 | \$757,246 | Achieved | The August/September 2020 COVID lockdown in Auckland was a key driver in revenue tracking only marginally above target in the first quarter, however revenue since then has steadily increased and resulted in the target being achieved with \$757,246 revenue for the 12 months to June 2021. |
| Business Events- Value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences * Events are typically won more than 12 months in advance of the event date. | >= \$3.0m | \$3.2m | Achieved | This value is based on room nights tentatively held as a result of business event bids won by RED and MBIE's Business Events Delegate Survey 2017 calculation of \$385 average delegate spend per night. For the year ending June 2021 RED won 31 events, collectively resulting in 8352 room nights and \$3.2 million delegate spend. |
| Total domestic expenditure data for Rotorua (based on MBIE statistics) | >= \$452m | \$202m* | #N/A | * As at YTD Oct-20: On Track at \$202m As above, MBIE has suspended publishing visitor expenditure and consequently this metric cannot be reported beyond October 2020. |

Financial performance

| | 2020/21 \$000's | 2019/20 \$000's |
|--------------------------------|--------------------|--------------------|
| Revenue | 6,327 | 6,774 |
| Expenditure | 6,292 | 6,997 |
| (Deficit)/Surplus | 35 | (223) |
| Tax Benefit/(Expense) | 0 | 0 |
| Net Surplus/(Deficit) for year | 35 | (223) |

Income derived from Council

| | 2020/21 \$000's | 2019/20 \$000's |
|--|--------------------|--------------------|
| | 4,420 | 4,320 |

BOP LASS Ltd

What we do?

The Bay of Plenty Local Authority Shared Services (BOPLASS) was established by the nine local authorities in the Bay of Plenty/ Gisborne region to foster collaboration between councils in the delivery of services, particularly back-office or support services.

BOPLASS investigates, develops and delivers shared services and joint procurement on behalf of the participating councils, maximising cost savings and developing opportunities for sharing of services.

The shareholding councils are:

- Bay of Plenty Regional Council
- Gisborne District Council
- Kawerau District Council
- Opotiki District Council
- Rotorua Lakes Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatane District Council.

Given the current environment caused by the impact of COVID-19, many local government organisations face an unprecedented level of uncertainty about the economy, future revenue and asset and liability values. The impact on BOP LASS and their results has not been significant and, based upon our experience to date, we expect this to remain the case. As they operate predominately in the delivery of back of office services, during COVID-19 they have found increased demand for some of their collaborative solutions and we expect this to continue.

Performance Measures

| Target 2020/21 | Result | Comment |
|---|----------|---|
| <p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p> | Achieved | <p>Contracts negotiated and/or renewed for:</p> <p><u>Video Conferencing Services</u> – Canon video conferencing infrastructure was moved from a Canon managed service to a BOPLASS hosted service. This provided further cost savings to councils and acknowledged the global move from vendor hosted video conferencing solutions to cloud-based technologies, e.g. Zoom, Teams.</p> <p><u>ESRI Enterprise Licensing Agreement</u> – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed. No increases in cost to councils.</p> <p>No alternative provider in NZ.</p> <p><u>GIS software and services</u> –</p> <ul style="list-style-type: none"> • <u>FME</u> • <u>Geocortex Essentials</u> • <u>Geocortex Analytics</u> • <u>X-Tools</u> • <u>NZ Archaeological Association</u> • <u>RetroLens</u> <p><i>Contracts renegotiated and renewed – no alternative suppliers.</i></p> <p><u>Health and Safety Training provider</u> – BOPLASS has renewed the collective agreement with Vertical Horizonz for H&S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WPLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.)</p> <p><u>Print Media Copyright Agency (PMCA)</u> – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services.</p> <p><i>Sole NZ provider of print and media copyright services.</i></p> <p><u>Treasury Staff Briefings</u> – BOPLASS coordinated presentations and workshops with senior NZ economists to better inform councils on the financial outlooks for local communities and the national economy. The workshops are provided at no cost to BOPLASS councils and have proven to be particularly valuable given the current international and local economic challenges.</p> <p><u>Aerial Imagery</u> – As part of the BOPLASS regional imagery programme a contract for orthophotography was awarded to AAM NZ Ltd on behalf of Tauranga City Council (TCC) and Western Bay of Plenty District Council (WBOPDC). The flying and imagery included specific requirements to capture high growth areas.</p> |

| Target 2020/21 | Result | Comment |
|--|-----------------|--|
| <p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p> | <p>Achieved</p> | <p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p><u>Waste Operator Licencing and Data System</u> – An ROI was undertaken by BOPLASS on behalf of all the BOPLASS and Waikato councils for a data management system and administration services to support the development of a region-wide waste operator licencing and data service. The collective approach to the ROI provided savings to all councils and garnered significant attention from suitable vendors due to the size of the aggregated opportunity.</p> <p><i>The ROI process will be followed by a closed RFP.</i></p> <p><u>Skin Scans / Mole Mapping</u> – BOPLASS explored opportunities for a collective contract to enable councils to offer a subsidised rate to their staff for mole mapping. A provider has not yet been appointed as the project has expanded to investigate health insurance options across the BOPLASS group of councils.</p> <p><u>Infrastructure Insurance</u> – Councils infrastructure insurance was placed into the London markets in late 2020 through direct engagement with the London underwriters and Lloyds syndicates. Exceptional outcomes were achieved for all councils – both in insurance rates and the cover achieved. Due to a continued unprecedented level of international natural disaster claims, insurance markets have become extremely cautious about the risk they are prepared to write. The high standard of the information being provided by BOPLASS councils and our historical relationships with the international markets have proven to be a strength for us at renewal time.</p> <p><i>Securing councils’ insurance cover requires a new procurement process to be undertaken every 12-months and includes investigating, or engaging with, alternative markets.</i></p> <p><u>GIS Technical Support</u> – The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. On behalf of the councils BOPLASS undertook procurement to appoint a Regional Technical Advisor to be used as a shared resource and provide technical support across all BOPLASS councils. Eagle Technology were appointed under a discounted enterprise agreement. In addition to the cost savings, the service helps facilitate further sharing of information and expertise across the GIS teams.</p> <p><u>Website Quality Assurance</u> – BOPLASS has established a collective agreement for website quality assurance. Monsido is the incumbent provider to several BOPLASS councils and discounted pricing has been negotiated, dependent on the number of councils participating.</p> |

| Target 2020/21 | Result | Comment |
|--|----------|---|
| <p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p> <p>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.</p> <p>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p> | Achieved | <p><u>Debt Recovery Services</u> – Additional BOPLASS councils have moved to the shared service established by Manawatu-Whanganui Local Authority Shared Services (MW LASS). As an inter-LASS service this negates duplication across the regions and provides cost-effective specialised local government debt recovery services.</p> <p><u>Insurance Renewals Standardisation</u> – BOPLASS led a project across the three North Island LASS to develop scorecards to assist councils with the preparation of accurate and timely renewal data for their annual insurance renewals. The scorecards help councils identify the required standards and any potential gaps in their processes. They will be used across all LASS participating in our collective insurance programme – BOPLASS, MW LASS and WLASS – ensuring a consistent and best-practice approach to renewal processes, ultimately assisting in achieving the best outcomes.</p> <p><u>Inter-LASS meetings</u> – A number of procurement projects are underway covering multiple LASS and leveraging benefits of aggregated volumes. Collaboration across the regions drives greater efficiencies and often allows projects to be better resourced. BOPLASS has been working particularly closely with MW LASS and Waikato LASS and this group meet on a quarterly basis. BOPLASS has recently provided information to South Island councils that are investigating collective opportunities.</p> <p><u>Waste Operator Licensing and Data Collection</u> – BOPLASS is leading a joint BOPLASS/ WLASS project to establish a cross-regional entity to administer licensing conditions on behalf of territorial authorities. The entity will also manage and collect waste data to assist councils in preparing detailed waste assessments and identification of priority waste management and minimisation actions. BOPLASS is leading the associated procurement exercises and is also engaging with other councils interested in participating in the project. The project includes continued engagement with MfE and WasteMINZ to ensure that the proposed approach is aligned with national strategies.</p> <p><u>Minimisation Fund Application</u> – On behalf of the BOPLASS and WLASS councils, BOPLASS has submitted an application to the MfE Waste Minimisation Fund to support the development of collective projects across the two regions.</p> <p><u>Occupational Health Services</u> – BOPLASS has renewed the agreement with Waikato Occupational Safety Services for discounted occupational health services across the BOPLASS councils. This agreement is now undertaken in conjunction with WLASS.</p> <p><u>Cross Council H&S audits and Safety Performance Indicators</u> – Waikato LASS and BOPLASS have collectively developed H&S projects to support best practice and shared learnings across councils in the greater region. The projects assist in identifying skills, processes or procedures that can be shared across the regions.</p> <p><u>Courier Services</u> – BOPLASS coordinated activity across the central North Island councils to establish confirmed participation in joint procurement for the appointment of a courier services provider.</p> <p><u>Insurance Forum</u> - BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p> |

| Target 2020/21 | Result | Comment |
|--|----------|--|
| <p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Increase usage of the Collaboration Portal by providing support and training material for new and existing users.</p> <p>Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 20% per year.</p> <p>Number of active users to increase by 20% per year.</p> | Achieved | <p>Active promotion of the MahiTahi Collaboration Portal over the last 12 months has resulted in a 71% increase in the number of local government users with 161 new members joining.</p> <p>The increased membership is primarily a result of ongoing development of on-boarding and training material. Additionally, non-member councils have been proactively contacted to highlight the benefits and encourage participation.</p> <p>Five additional projects have been added to the MahiTahi Collaboration Portal, increasing from 48 to 53 lodged projects.</p> <p>RSIP Redevelopment – The Regional Sector Information Portal is a collaboration tool used by regional and unitary councils. The RSIP Portal has been migrated to be hosted by BOPLASS on the same platform as the MahiTahi Collaboration Portal.</p> |
| <p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p> | Achieved | <p>BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.</p> <p>In addition to these regular meetings, the BOPLASS chair and CE undertook a roadshow to directly engage with executive staff across all shareholding councils. These meetings were used to provide an update on BOPLASS initiatives and to gain further insights into additional collaboration opportunities. New opportunities in both shared services and procurement were identified through these workshops.</p> |
| <p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p> | Achieved | <p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Funding model reviews were undertaken by the board during the 2020-2021 financial year with two changes undertaken to ensure the continued financial viability of the organisation:</p> <ul style="list-style-type: none"> • A one-off \$50,000 contribution to the BOPLASS aerial imagery programme received from LINZ was retained as income in advance to assist with funding the BOPLASS aerial imagery programme over the next five years. • The BOPLASS Board approved for a CPI adjustment to be included with council annual contributions. • Financial position year end 30 June 2021: \$15,970 surplus. |

Waikato LASS Ltd

What we do?

The Waikato Local Authority Shared Services Ltd (WLASS), incorporated in December 2005, was established as a control controlled organisation under the Local Government Act for the 13 Waikato/Rotorua councils. Rotorua Lakes Council has an approximately a 7% shareholding in the company.

Structure of the Company's operations, including governance arrangements (30 June 2021):

Following a strategic review in late 2017, the company's operating model changed.

Transformation of the company to a service delivery agent and strategic partner to its shareholding councils has steered the activity of the company during the year. The structural changes to that transformation have been bedded in with a smaller Board in place, chaired by an independent director.

WLASS employs a full-time chief executive and business analyst to help drive the development of opportunities and provide thought leadership to councils.

The objectives of WLASS are to:

- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- helping the councils achieve an appropriate balance in risk and return
- promote and contribute to the development of best practice
- make it easier for communities to engage with councils in the Waikato region on a consistent basis
- promote business transformation to improve communities' experiences
- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government's confidence in the Waikato region, and to encourage central government investment

It has been another incredibly challenging year for shareholding councils. While the first half of 2020 was dominated by Covid-19, and this remains prominent, for the local government sector the last 12 months has been largely about central government reform. The change in the company's strategic direction that the board embarked on three years ago, at the direction of shareholders, was about WLASS transforming into a true service delivery agent and transformational partner to those shareholders. Central government's agenda – water reform, RMA reform and the review of the sector generally – has provided WLASS with challenges when seeking to layer additional transformation onto an incredibly uncertain environment. WLASS have, and will continue to, revisit their priorities to help support councils in facing these challenges.

Financially WLASS remain in a sustainable position. The \$500k surplus for the year was significantly ahead of budget. That favourable variance flows from a combination of expenditure on projects being less than anticipated (although in many cases that expenditure will arise in the following year), less than anticipated expenditure on some services, and the introduction of WLASS Water Services, which was not budgeted for. WLASS will be reviewing cash reserves and, as they did last year, looking at areas where they can reduce the level of funding they ask from councils in the coming year.

As a result of the COVID pandemic, Parliament passed legislation to extend the statutory reporting time frames for organisations with 30 June 2021 balance dates that report under the Local Government Act 2002. The statutory time frames have been extended to ensure that there is no reduction in the quality of the financial and performance reporting or of audits because of the impact of COVID.

At the time of printing this report, the results for WLASS Ltd year ending 30 June 2021 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand. The WLASS Annual Report is due for adoption at the end of November 2021.

Performance Measures

| Target | Measure | Outcome | Status |
|---|---|--|--------------|
| Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives. | Business cases will include measurable benefits linked to one or more of the outcomes sought | <p>The WLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, KPI's will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms.</p> <p>The business case for WLASS Learning & Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years.</p> <p>Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.</p> | Achieved |
| | <p>Opportunity assessments are supported by councils.</p> <p>(evidenced by Board minutes)</p> | <p>Following consultation with council CEs and GMs in April, the Building Consent Shared Services project has progressed under an increased scope and changed focus.</p> <p>9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case.</p> <p>The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of nine councils indicating they wish to participate.</p> | Achieved |
| Develop opportunities and deliver projects within agreed budgets and timelines | Opportunities / projects are developed / delivered within agreed timelines | <p>63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as HCC recruited the required resources to meet expected service delivery levels.</p> | Not Achieved |
| | Opportunities / projects are developed / delivered, within approved budget | 100%: The five completed projects all came within budget. | Achieved |
| Ensure projects realise their expected benefits | Measurable benefits are actively monitored and reported against | <p>Project benefit assessments are now being presented to the Audit & Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.</p> <p>The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.</p> <p>As these assessments are completed the measurable benefits will then be monitored ongoing.</p> | Achieved |
| | Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised) | <p>Project benefit assessments are now being undertaken at each Audit & Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.</p> <p>Ten of the 15 stated benefits of the WDP are assessed as having been realised. A further four are considered difficult to measure, and 1 has not been achieved.</p> <p>The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.</p> | Achieved |

| Target | Measure | Outcome | Status |
|--|---|--|----------|
| Ensure existing services are meeting the needs of councils | The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey): RATA – roading & waters Waikato Building Cluster Regional Infrastructure Technical Specifications Energy & Carbon Management Professional Services Panel Health & Safety pre-qualification | A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%). 81% of respondents said that the services they received either met or exceeded their expectations. The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group. While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on the Waikato Building Consent Group. | Achieved |
| Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice | Across these groups, ideas for future consideration and/or initiatives are identified each year | Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups. Discussion at the SSWP led to the priority project “Customer Digital Enablement”. The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021). The performance measure was established to ensure that the working groups: 1) were action-orientated; and 2) acted as a feeder for WLASS priority projects. Various other smaller initiatives have also come from the working parties (e.g. critical roles stocktake, development of a psychological wellbeing best practice document). The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils. Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of ‘fostering and promoting cross-council collaboration and networking’ | Achieved |

Tauākī Puakanga

Disclosure statements

Annual report disclosure statement year ending 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's actual financial performance in relation to various benchmarks, to enable an assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

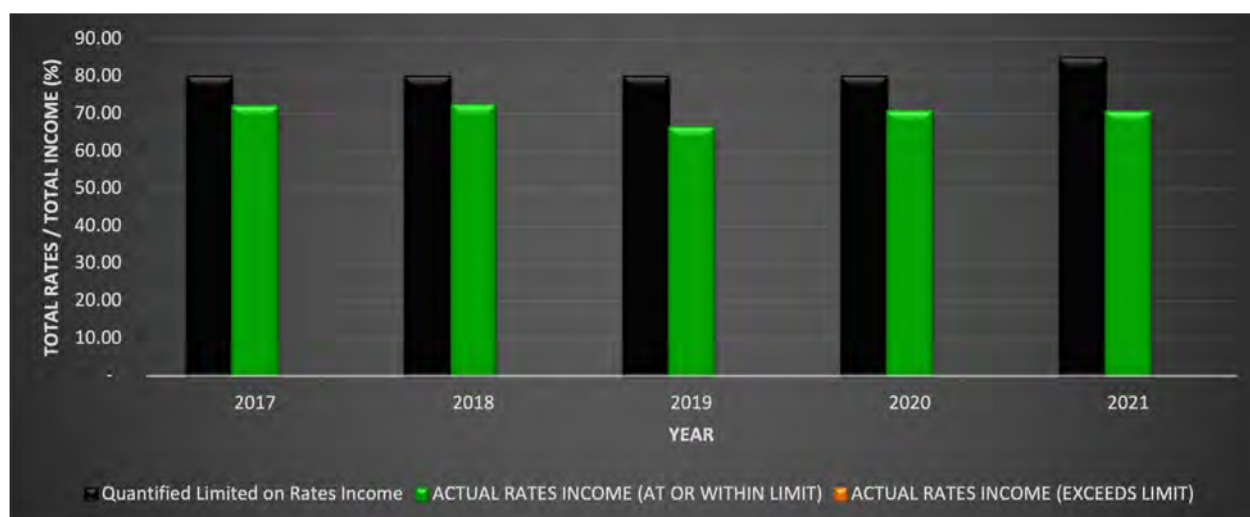
Rates affordability benchmark

The council meets the rates affordability benchmark if:

- actual rates revenue equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

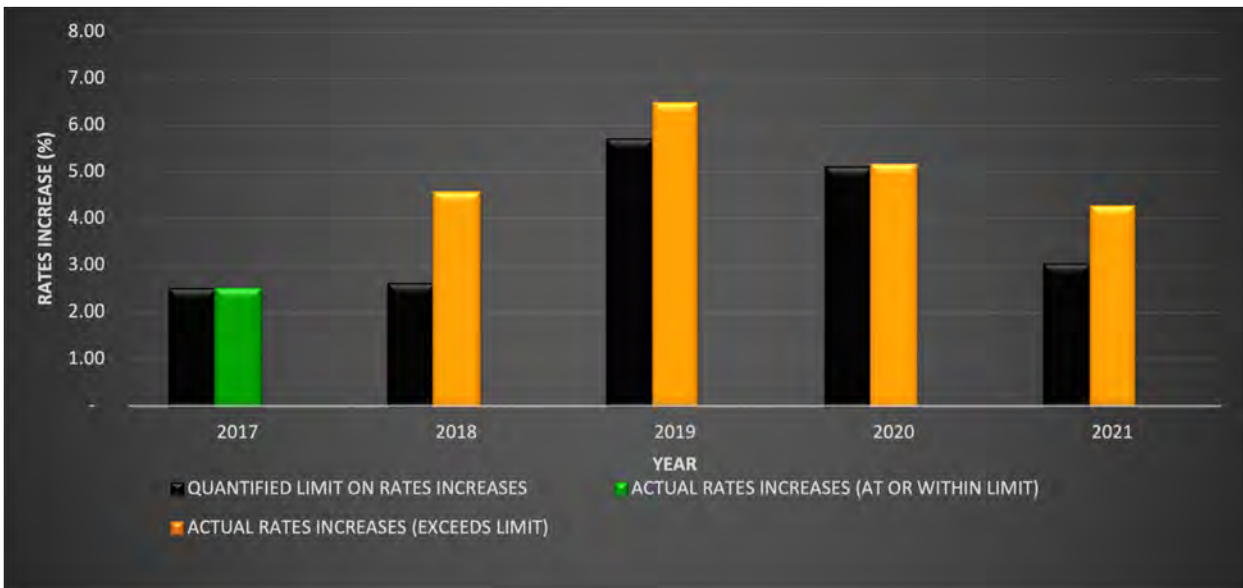
Rates (income) affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-Term Plan. The quantified limit is that council will limit total rates as a proportion of total revenue for 2020/21 to less than 85%.



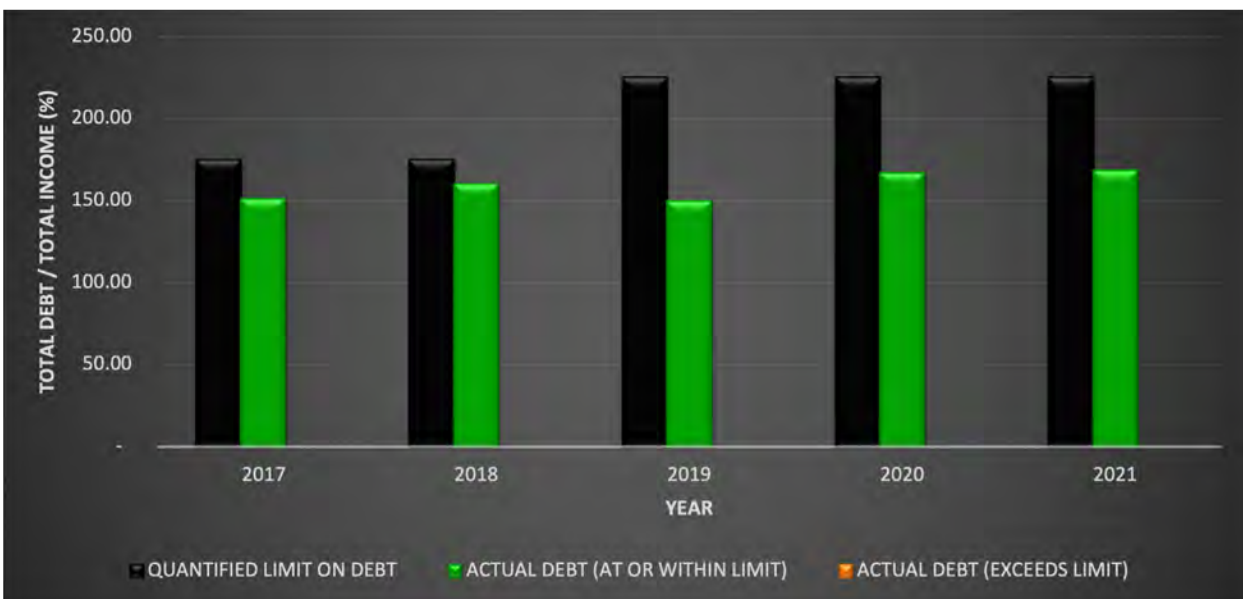
Rates (increases) affordability

The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-Term Plan. The quantified limited for 2020/21 was set at 3.03%.



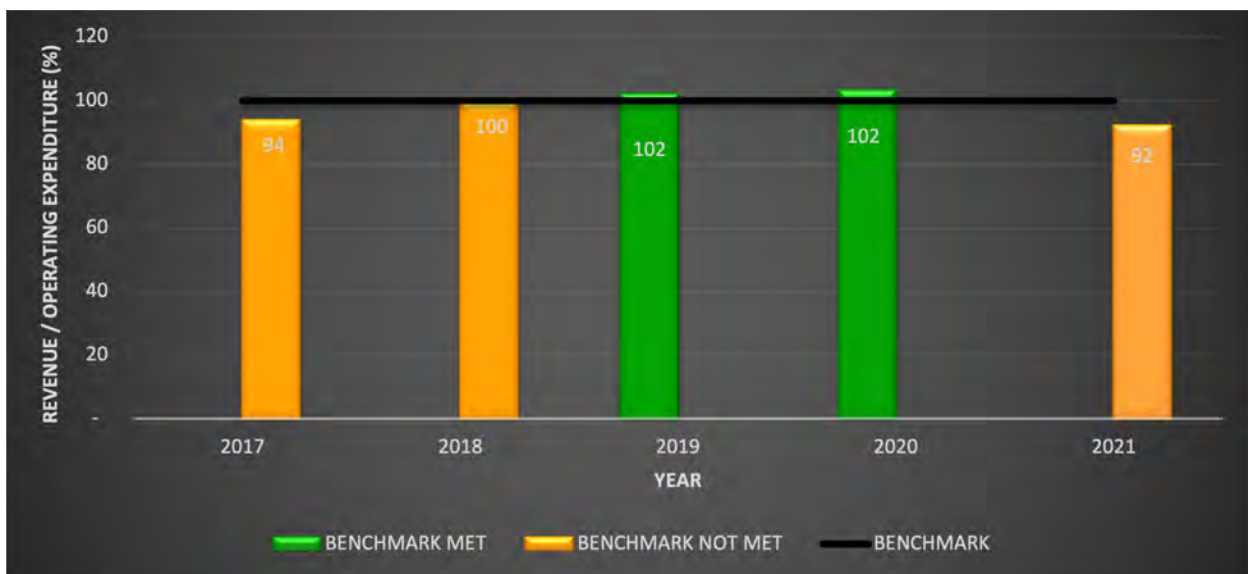
Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Long-term Plan. The quantified limit is that total debt will be lower than 225% of total income.



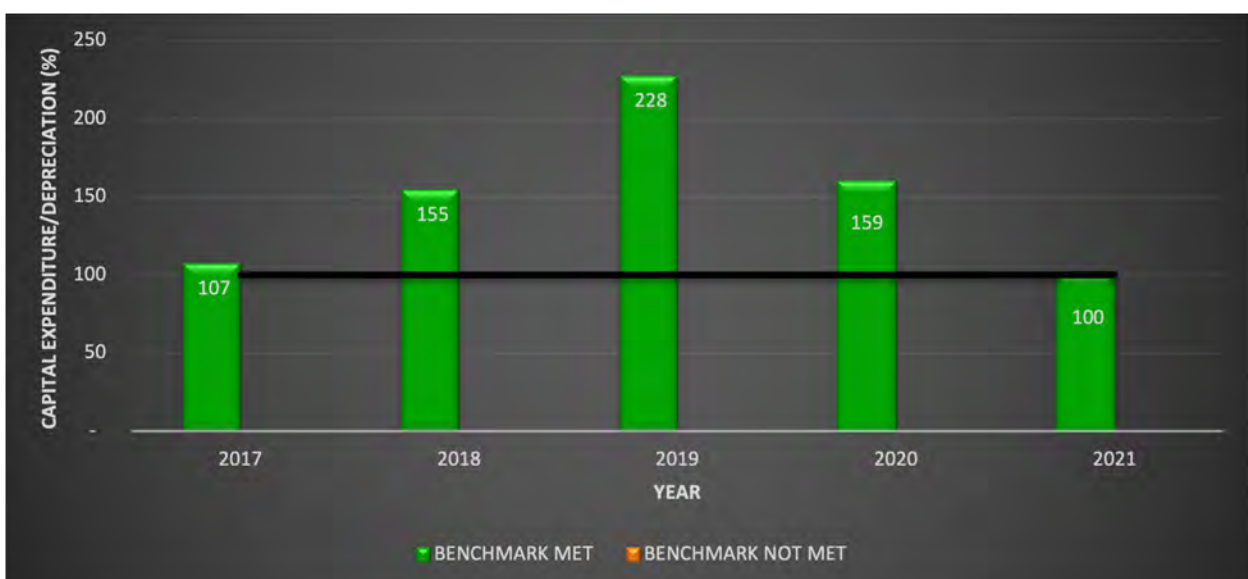
Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



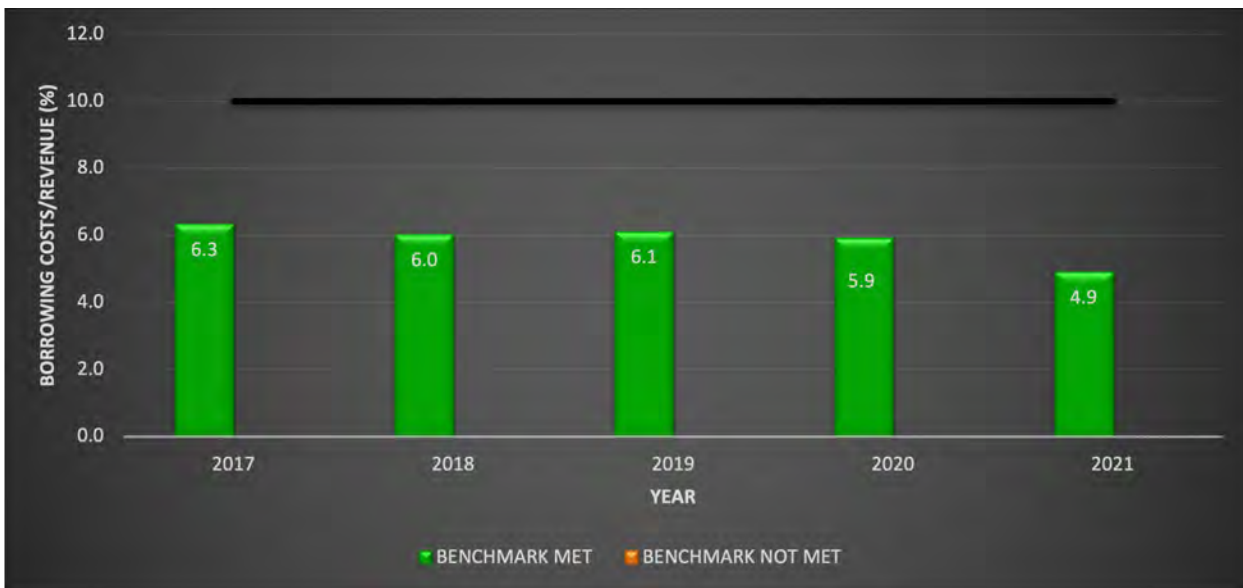
Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



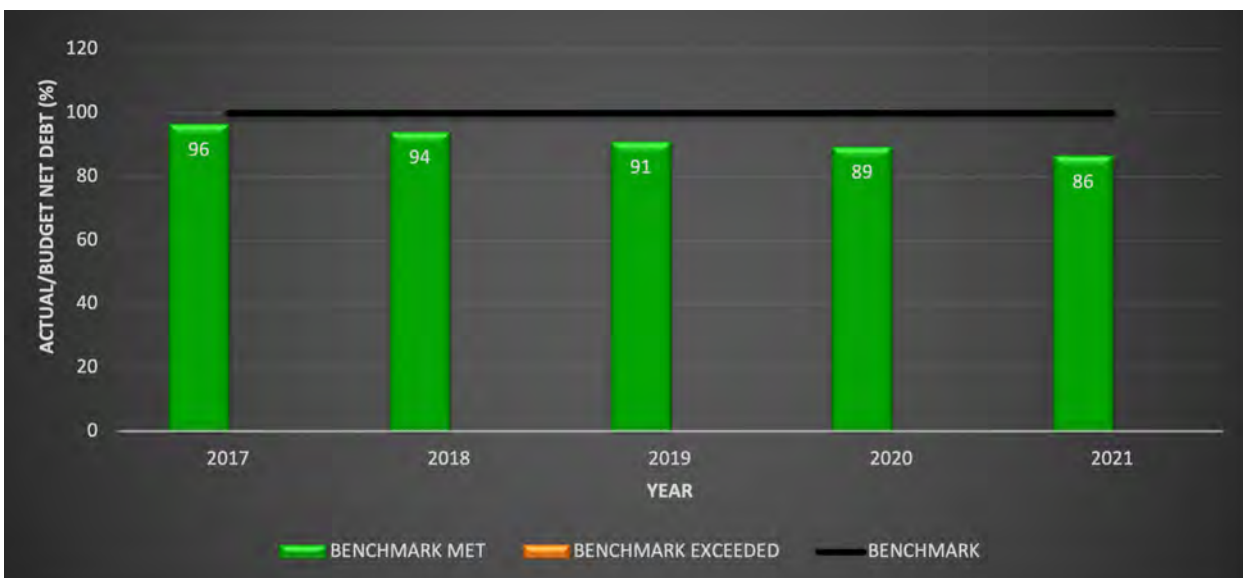
Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs are equal or is less than 10% of its revenue.



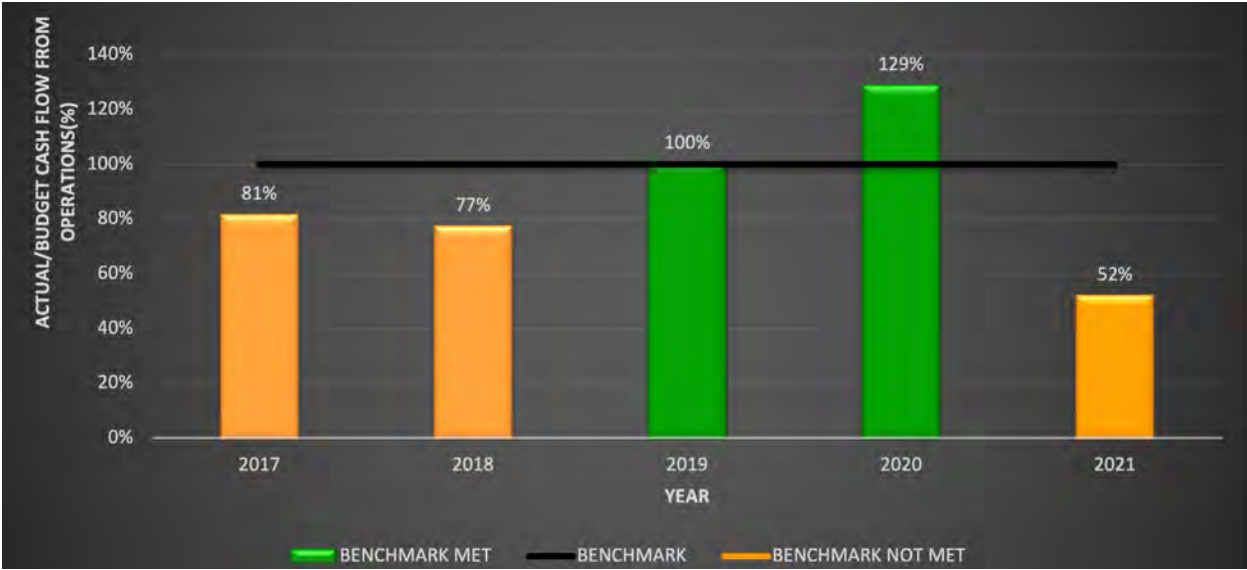
Debt control benchmark

The following graph displays the council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





ROTORUA
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Te Kaunihera o ngā Roto o Rotorua