

# ANNUAL REPORT

2022



**ROTORUA** LAKES  
COUNCIL  
Te Kaunihera o ngā Roto o Rotorua

# PROGRESS AND HIGHLIGHTS 2021/22

## INFRASTRUCTURE - WASTE

- ☉ Positive response through public consultation on kerbside organic waste diversion
- ☉ Adoption of Waste Management & Minimisation Plan 2022-28
- ☉ Kerbside rubbish & recycling collection started in Ngakuru, Horohoro & Upper Atiamuri

## INFRASTRUCTURE

### NETWORK PERFORMANCE - WATER

- ☉ East Rotoiti/Rotomā sewerage scheme - 60 installations complete at Rotoiti

## INFRASTRUCTURE

### NETWORK PERFORMANCE - TRANSPORT

- ☉ 6.5kms of new shared path completed - Vaughan Road and Warwick Drive to Forest.
- ☉ Awarded the 'Agent of Change' award for the Lynmore Innovating Streets project

## INFRASTRUCTURE - ROAD SAFETY

- ☉ Driving distraction social media campaign for 18-24 year olds reached 100,000 on TikTok and 24,000 on Facebook
- ☉ Medium Density Residential Standards adopted

## LIBRARY

- ☉ Good Bye Fines, Hello Library - Removal of fines and wiping of historic debt. Supporting Community by removing barriers to access.
- ☉ 16,057 community took part in programmes and activities at Te Aka Mauri, another 4,346 participated via online or takeaway activities

## THRIVING COMMUNITIES

### SUPPORTING COMMUNITIES

- ☉ Distribution of \$395,097p/a in community funding to 71 local community organisations through Partnership Agreements, Community Grants and Neighbourhood Matching Fund.
- ☉ Development and distribution of \$871,102.00 to 42 community organisations through the one-off Te Rakau Tu Pakari Covid Response Fund.
- ☉ Facilitated interagency housing taskforce achieving contracted emergency housing, housing hub and growing support service for those experiencing homelessness.

## THRIVING COMMUNITIES

### CONNECTING COMMUNITIES

- ☉ Growth of the Child Equity programme to include two new schools and a number of other agencies and service providers collectively working towards addressing child poverty and barriers to participation. There are over 1000 tamariki benefiting from this collective impact model.

## SPORTS AND REC

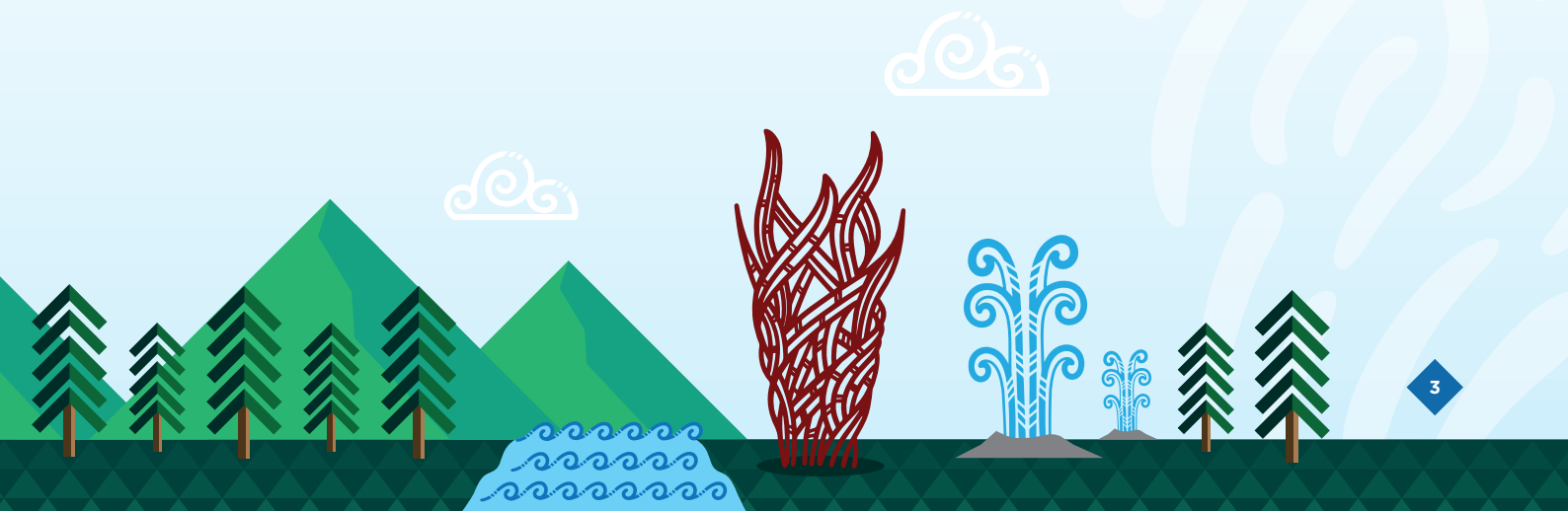
- ☉ Lakefront - Completion of the new boardwalk, new Memorial Plaza car park, playground, basketball court, new toilet block and installation of three sets of three pou tumu and a reflection seat.
- ☉ Forest - Whakarewarewa Forest Loop Great Ride and installation of taonga at Te Putaki o Tawa and Titokorangi
- ☉ Renewals of the Stadium No 1 sports turf and the Smallbone Park Hockey turf.





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# HE MIHI WELCOME

Ka pō, ka pō, ka ao, ka ao  
Tākiri mai te ata  
Kōrihi ngā manu  
Ka āo, ka āo, ka awatea.  
'Tis dark, 'tis dark, 'tis light, 'tis light  
The morning breaks  
The birds are singing  
'Tis light, 'tis light, daylight has arrived.  
E ngā reo, e ngā, mana, e ngā iwi  
Koiane te hau o mihi e rere kau ana ki a koutou.  
Tangihia wō tātau aituā, kia tau ai te āhuetanga ki a rātau.  
Tātau e ora nei, e whiri nei i ngā whakaaro ki ngā tau e tū mai nei,  
Tēnā koutou katoa.  
To the many voices, authorities, and people  
We extend our greetings to you all.  
Let us farewell those who have passed, may they find everlasting peace.  
We, of this mortal coil, who can now weave our thoughts for a powerful  
tomorrow,  
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 2021 to 30 June 2022.

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 the first year of the Long-term Plan 2021-31. 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 CHIEF EXECUTIVE'S MESSAGE

Ngā mihi manahau.

I would never have envisaged completing an Annual Report, a report that looks back and reflects upon what we set out to achieve in year one of the Long-term Plan 2021-31, at a time when conversations are well underway with our new Council, on what delivery of year three could look like. It goes to show the challenging and demanding times we are living in.

While still trying to battle the waves of disruptions being caused by COVID-19, we had not been able to anticipate the curveball of inflation, the war on Ukraine by Russia, and the increased cost of goods and labour that followed. In amongst all of that our community rightly voiced strong opposition to the continued use of motels for transitional housing and the impact that was having on our ability to stand up tourism again in our district, and ensure the safety of our people.

Despite the challenges during the year, we have continued to deliver services to our community to the tune of \$159.7 million and have continued investment into key infrastructure like sewerage renewals (\$14 million), roading improvements (\$12 million), and stormwater improvements (\$11.6 million).

In the financial year we made excellent progress on the Sir Howard Morrison Centre (\$17 million), which we have recently opened (Feb 2023) and the final stages of the Lakefront development were completed, (\$11 million).

We have had a total of 55 performance measures in this financial year. Of that, 36 (65%) of the measures have been achieved, 15 not achieved and 4 were not measured.

In looking at where we have missed the mark, those areas of measurement relate mostly to our challenges in housing and our recovery following COVID lock downs. Addressing housing shortfalls as identified in the Housing and Business Assessment and the processing of complex resource consents saw 6 of 16 measures not achieved. We are making progress, but the overall effect of closing a housing shortfall can't be rectified in one year. Addressing the housing shortfall is a long term goal for Rotorua. Other measures not achieved, were the result of reduced attendance numbers at our facilities and events. This followed the slower than expected return to normal business following COVID lock downs. The future is looking a lot more optimistic now, with many retailers expressing that visitors

and attendance at events have now returned to pre COVID levels. So we expect to see this optimism reflected in our results for the next financial year. In total 4 of the measures were not able to be measured this year. This was due to them being new ones set when the Long-term Plan was developed. This has required us to create a baseline, done this year. In subsequent years we will be able to see process against that new baseline. We had also anticipated that an organic waste collection may have been in place by now. Unfortunately due to the overall scoping, timing and consultation required for this, an organics collection has not yet been implemented and therefore measurement of this can't yet be completed.

In April 2022, we finalised our review of the way a future council can be established. This set the model by which subsequent councils will be elected. The final result saw the Local Government Commission make a determination on our representation model. That model comprised, 3 Māori ward councillors, 6 general ward councillors, 1 rural ward councillor, a rural and a lakes community board. This model is a significant change to the way in which the community elected those to represent them.

The Council have set new priorities and I look forward to the new challenges that await us in the coming year as the 2022-25 Council embeds those new priorities establishes the work programme to drive delivery in the areas of economy, infrastructure, community and housing. Principles that will set the ground work for the next Long-term Plan.

Lastly, I would like to thank all the hard working staff of the Rotorua Lakes Council. 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. I look forward to continuing the journey with all our people who dedicate themselves to delivering on outcomes and service to those of the wider Rotorua district.



**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 Reynold 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 Thomson, 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 Whakauae, 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 MANA KAUNIHERA HOW WE GOVERN

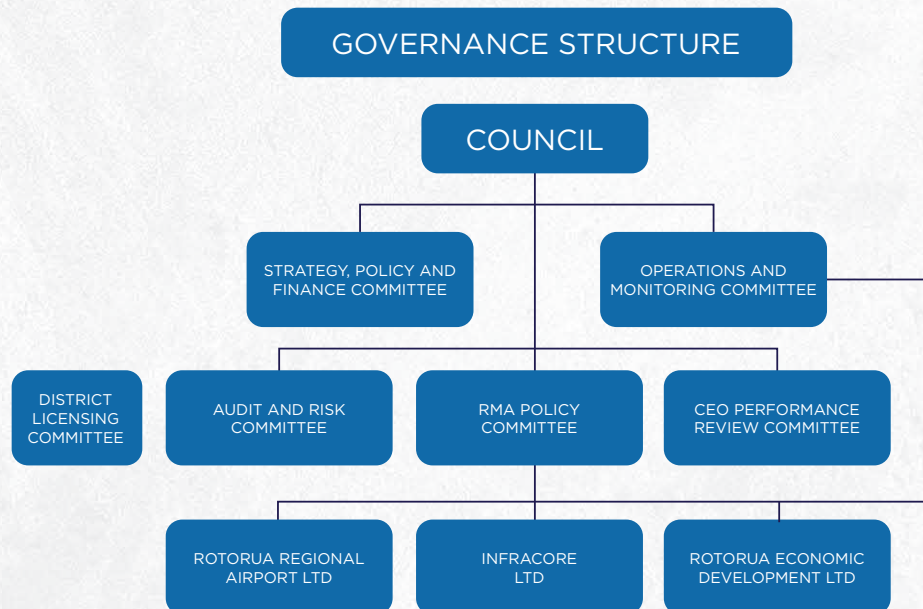
## DELEGATING DECISION-MAKING

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



Fifteen Council meetings, eleven Operations and Monitoring and fourteen Strategy, Policy and Finance Committee meetings were held from 1 July 2021 to 30 June 2022. Attendance at Council, Strategy Policy and Finance and Operations and Monitoring Committee meetings are listed in the table below.

<b>COUNCILLOR ATTENDANCE</b>	<b>Council meetings attended – 15 (Including Zoom Meetings)</b>		<b>Council Committee meetings attended 25</b>	
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
Hon Steve Chadwick - Mayor	15	100%	24	96%
Cr Dave Donaldson Deputy Mayor	15	100%	25	100%
Cr Peter Bentley (resigned)	11	73%	19	76%
Cr Sandra Kai Fong	15	100%	24	96%
Cr Raj Kumar	15	100%	23	92%
Cr Reynold Macpherson	15	100%	15	60%
Cr Trevor Maxwell	15	100%	25	100%
Cr Merepeka Raukawa-Tait	14	93%	24	96%
Cr Tania Tapsell	15	100%	25	100%
Cr Fisher Wang	15	100%	25	100%
Cr Mercia Yates	15	100%	25	100%



# 2021/22 TE HANGANGA KŌMITI COMMITTEE SET-UP

## STRATEGY, POLICY AND FINANCE COMMITTEE

Chairperson:	Cr Raukawa-Tait
Deputy Chairperson:	Cr Kai Fong
Members:	The Mayor and all councillors, two Te Tatau o Te Arawa members, one Lakes Community Board member, one 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.

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## OPERATIONS AND MONITORING COMMITTEE

Chairperson:	Cr Tapsell
Deputy Chairperson:	Cr Yates
Members:	Mayor and all councillors, two Te Tatau o Te Arawa members, one Lakes Community Board member, one 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.

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## RMA POLICY COMMITTEE

Chairperson:	Chair
Members:	one Elected member, one Te Tatau o Te Arawa

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

<b>Chairperson:</b>	Chair (Independent)
<b>Deputy Chairperson:</b>	Deputy Chair (Independent)
<b>Members:</b>	Mayor, Deputy Mayor, Strategy, Policy and Finance Chair, Operating and Monitoring 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;

Support the professional independence, effectiveness and accountability of the Risk Management Framework.

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## CEO PERFORMANCE COMMITTEE

<b>Chairperson:</b>	Mayor
<b>Deputy Chairperson:</b>	Deputy Mayor
<b>Members:</b>	Strategy, Policy and Finance Chair, Operating and Monitoring Chair, Te Tatau o Te Arawa Representative, Lakes Community Board Chair, Rural Community Board Chair.

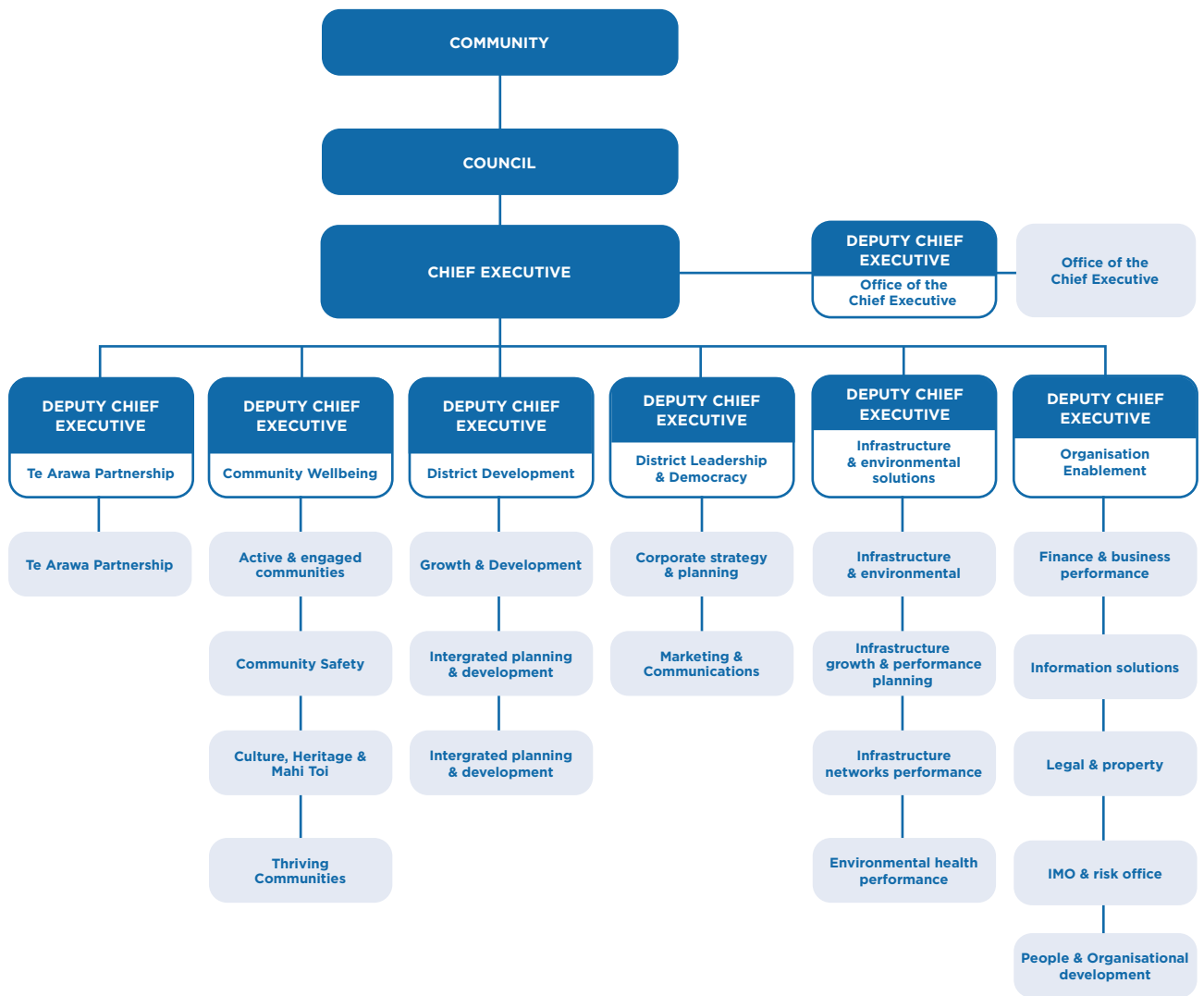
The purpose of this committee is to review the performance of the Chief Executive annually, and also undertake the legislative requirements in relation to the Chief Executive's performance.

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





# TE OHU MANAHAUTŪ ORGANISATIONAL LEADERSHIP





# TE OHU MANAHAUTŪ

## ORGANISATIONAL LEADERSHIP

The Rotorua Lakes Council Executive Team is led by the Chief Executive and comprises seven outcome areas:

- ② District Leadership and Democracy
- ② Te Arawa Partnership
- ② Community Wellbeing
- ② Chief Executive's Group
- ② Organisational Enablement
- ② District Development
- ② Infrastructure and Environmental Solutions

Our organisation has many skilled and professional people who are passionate about our District, its future and delivering better value services. Within the seven outcome areas, 20 Business Units deliver services and projects made up of 337.56 FTE (full time equivalent) employees.

## EXECUTIVE TEAM

Chief Executive  
Geoff Williams

Deputy Chief Executive – District Leadership and Democracy  
Oonagh Hopkins

Deputy Chief Executive – Te Arawa Partnership  
Gina Rangi

Deputy Chief Executive – Community Wellbeing  
Anaru Pewhairangi

Deputy Chief Executive – Chief Executive's Group  
Craig Tiriana

Chief Financial Officer/ Deputy Chief Executive – Organisational Enablement  
Thomas Collé

Deputy Chief Executive – District Development  
Jean-Paul Gaston

Deputy Chief Executive – Infrastructure and Environmental Solutions  
Stavros Michael



# HE ARONGA POTO: TE WHAKAHAERE PŪTEA AT A GLANCE: FINANCIAL PERFORMANCE

	Actual	Budget
Operating surplus	\$4.8m	\$36.7m
Revenue	\$168.7m	\$183.7m
Expenditure	\$163.9m	\$146.9m
Revenue – from rates	\$109.6m	\$112.3m
Revenue – from other sources	\$59m	\$71.4m
Capital expenditure	\$85m	\$146m
Net debt	\$280.6m	\$323.7m
Credit Rating - Fitch International - March 2022	AA-	
Outlook	Stable	

The 2021/2022 financial year saw a continuation of the challenges from last year with respect to the economic recovery, rising inflation, shortages of materials, covid restrictions, and high staff turnover. Some key projects were delayed as a result supply chain and lockdown issues. Despite these challenges Council was able to achieve \$85m of capital works with 80% of budgeted capital works completed.

The financial year surplus of \$4.8m is below the budgeted surplus due to grant revenue not received for operating and capital projects as a result of construction delays and material shortages. There were also increases in costs due to inflation and additional expense incurred re emergency housing and community safety.

Some of the issues faced by Council this year were:

## NEW ISSUES

1. Shortages of supplies and labour causing delays to capital works.
2. Subsidies and grants income was lower due to delays in meeting capital works milestones.
3. Increased consultant costs to meet the demand in building and consenting as well as for the build back better initiative and housing strategy.
4. Rising inflation affecting the costs of goods and services.

## ONGOING ISSUES

1. Staff recruitment and retention remains challenging.
2. The impact on depreciation costs from the revaluation of infrastructure assets.
3. Continuing challenges with regard to emergency housing
4. The need to fund additional inner-city security.
5. Loss of event-driven fees and lower visitor numbers with moving covid alert levels.



# TE WHAKAHAERE PŪTEA MANAGING THE MONEY

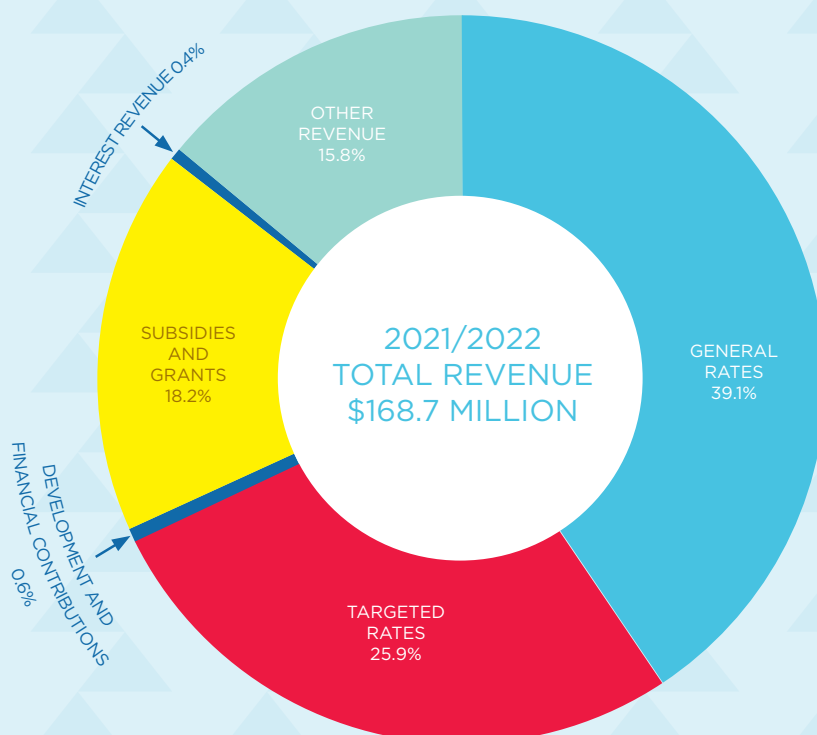
Rotorua Lakes Council spent \$163.9 million this year to provide direct services to the community, internal services to support and run Council, and additional services that provide benefit to the community. Additionally, \$85 million was spent on capital works to renew assets or create new facilities and amenities for our Rotorua of the future.

We manage \$1.5 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 contractors, maintenance, personnel costs, depreciation, grants to community groups and many other community services. Services provided include the roading and footpaths, drinking water, waste water, storm water, library, Aquatic Centre, emergency management, and planning and regulatory programs. Full details of the Council's Financial Statements are available from page 69.

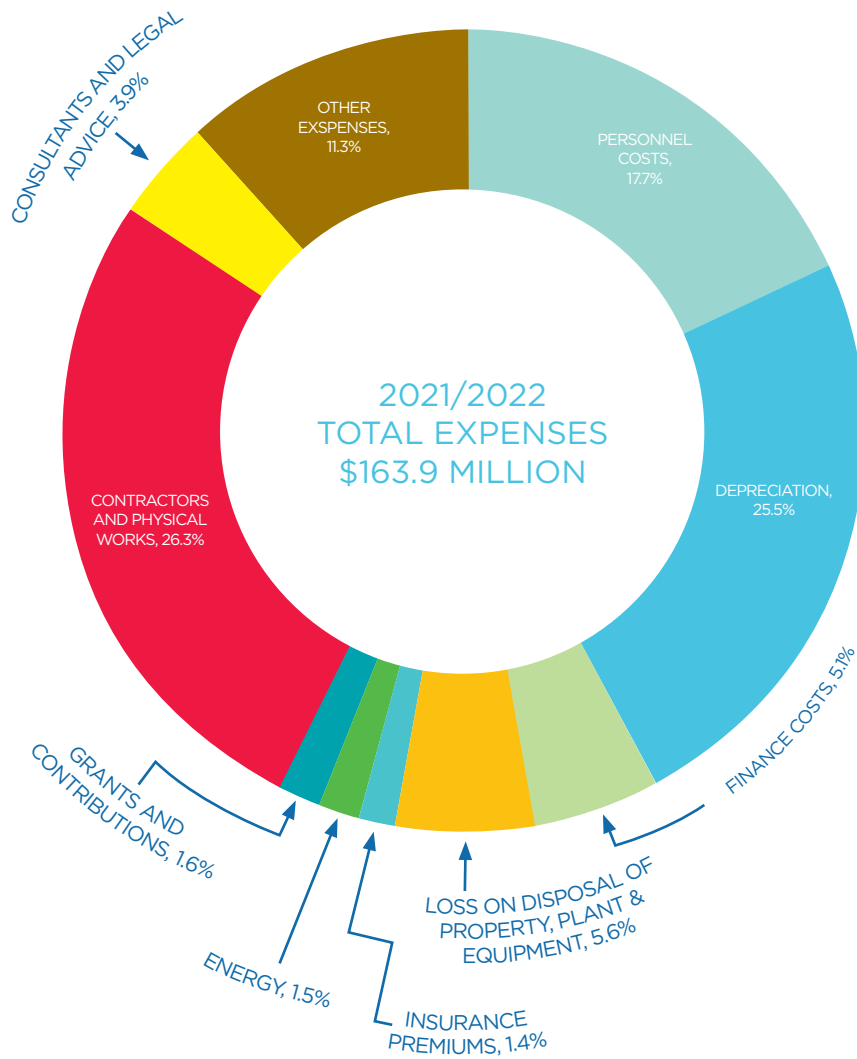
## WHERE DID COUNCIL'S REVENUE COME FROM?

This year income from rates (general and targeted) contributed \$110 million or 65% of total operating revenues (2020/21 \$101 million; 71 %). In addition to this, revenue was received from subsidies and grants of \$30 million; 18.2%, (\$25 million: 16% 2020/21).



## WHAT WERE COUNCIL FUNDS USED FOR?

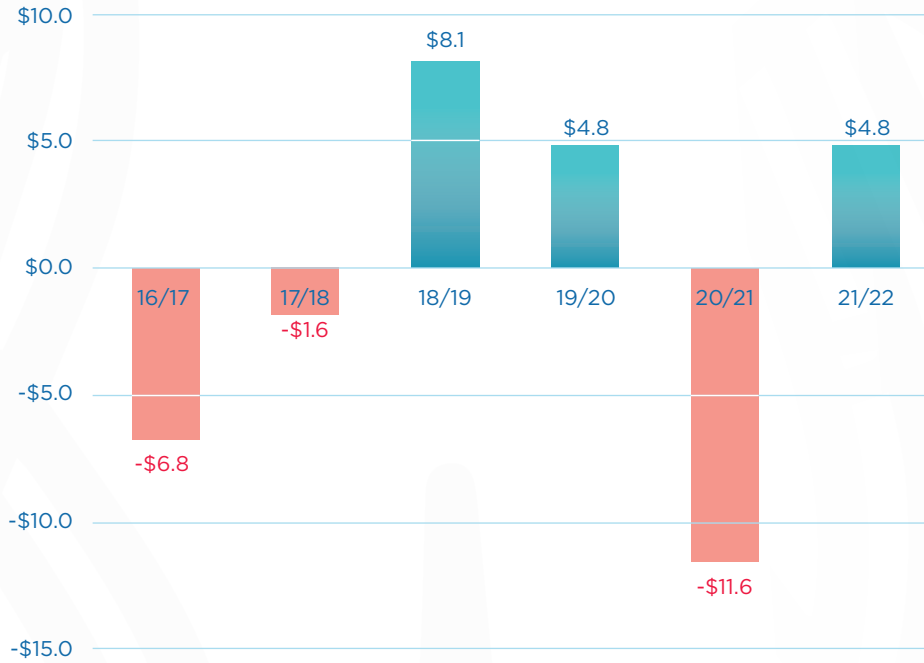
Total operating expenditure for 2021/2022 was \$163.9m.



## HOW DOES OUR PERFORMANCE COMPARE WITH PREVIOUS YEARS?

We have incurred a net surplus of \$4.8m in 2021/22. The surplus is the reported revenue (\$168.7m) less reported expenses (\$163.9m), which includes depreciation on property, plant, and equipment.

### OPERATING RESULTS (\$ MILLION)



### COUNCIL DEBT

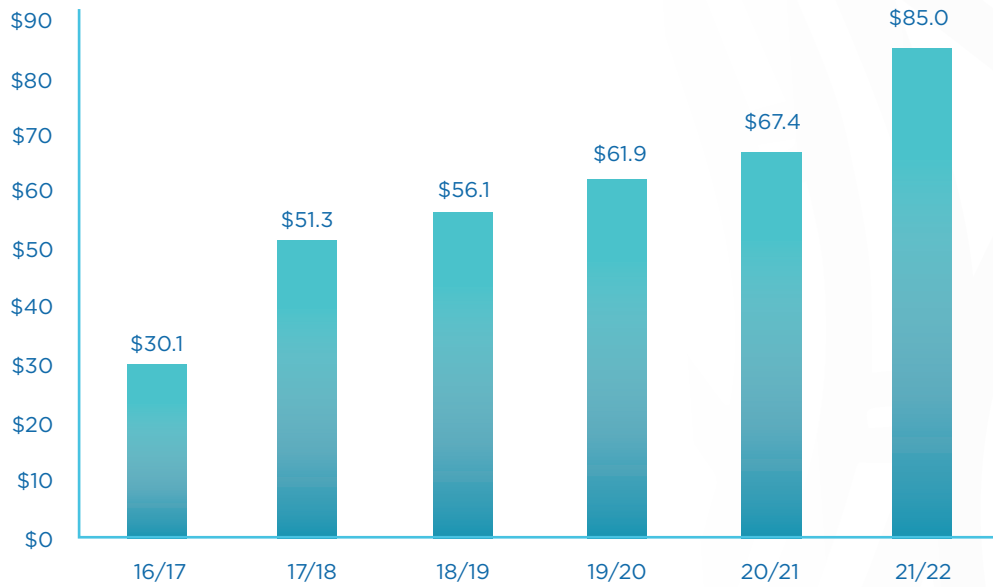
Debt increased by \$54.9 million from last year to \$296.6 million. Council borrows funds so that the cost of new facilities, infrastructure, and associated improvements is spread over the generations who will benefit and use the assets as opposed to loading all the costs to one generation. For 2021/22 the increase in debt was driven by investment in major capital projects.



## CAPITAL EXPENDITURE

Overall Council spent \$85 million on projects that either renewed assets (\$37m) or enhanced their level of service (\$48m). This was \$60 million lower than our planned budget of \$145 million and was largely driven by extended timings on key projects such as the Museum, Aquatic Centre, and water system enhancements 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 below.

### CAPITAL EXPENDITURE (\$ MILLION)







## 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 21/22	COMMENT
Sir Howard Morrison Centre	\$17m	Under budget by \$2.4m due to extended timetable for some aspects. Opening gala held in Feb 2023.
Aquatic Centre	\$1.3m	Under budget by \$9m due to delay in phase two. Works commenced in October 2022.
Lakefront Development	\$11m	On budget - Construction is on track with Stage 5 concrete footpath and landscaping 90% complete; Stage 6 stormwater works and footpath both under way and Wharewaka RFP re-issued to market.
Sewage Renewal	\$14m	Under budget by \$5.3m due to construction delays. Works under way Rotoiti/Rotoma are on schedule; Rotoehu funding secured from Te Arawa Lakes water partnership awaiting ministers sign off. Victoria St trunk mains design for replacement progressing with negotiation underway on critical easements
Transport Improvements	\$12m	On Budget - program of works underway across the district with those led by NZTA largely along SH30 and SH33. Road rehabilitation on Hamurana, Yankee, and Ashpit roads is complete with Waikite Valley close to completion. Detailed engineering report received for stabilisation of Paradise Valley Stream and program under development for delivery over next two years.
Stormwater improvements	\$11.6m	On budget - King Street stormwater project has been completed and draft design underway for Hinemoa Point. Pukehangi West design complete to support PC2 requirements and currently stalled until additional funding sought.
IT systems upgrades and renewals	\$5.1m	Over budget by \$1.4m due to increased consultant and data migration costs re OneCouncil ERP. ERP upgrade well underway with next stage of UAT progressing and planned go live in May 2023. Included in this spend is the renewal of various hardware and software assets.
Economic Recovery projects	\$0m	\$22m under budget - Deferred t 2023.
Economic Recovery projects	\$0m	\$22m under budget - Deferred t 2023.





# NGĀ KAUPAPA WHĀKA-AHUA TAKIWĀ NGĀ KŌRERO O TE WĀ **PLACE - SHAPING PROJECTS PROGRESS**

A number of key projects and focus areas were identified through the Long-term Plan 2021-2031 process. These transformational projects are aligned to Vision 2030 and bring about significant change through place shaping in the short to medium term.

## **SIR HOWARD MORRISON CENTRE**

The Sir Howard Morrison Centre will see its vision come to fruition at the end of 2022 with the expectation that construction and all internal refurbishments will be completed by November.

When it reopens, everyone will witness transformation of a community gem into a stunning innovative hub of activity that will showcase the vibrant performing arts sector for our district. Our local people and visitors will be able to be immersed in experiences of dance, performance and song that reflects our people, culture and our place. Featured within the centre will be

- ② A 950+ seat theatre capable of attracting national and international shows
- ② Flexible black box theatre to accommodate a wide variety of performance genres and stage set-ups
- ② Rehearsal studios that can double as production rooms.

Through the 2022 financial year, the final construction work was progressed leaving only the internal fit out and finishing touches through the final months of 2022.





## 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 Aquatic Centre is by far the most visited Council community facility in Rotorua with a large proportion of our visitors being tamariki and rangatahi. In 2021/22, 55,970 swimming lessons were delivered, largely to children and young people.

The Aquatic Centre delivers services that have important social and economic benefits to our community:

- ④ Swimming lessons – Learn to Swim and Making the Difference Schools Programme – serving both urban and rural schools for lessons and fun days
- ④ Water safety – Unison Lake Safety Programme
- ④ Sports training – swimming, water polo, clubs
- ④ Competition events – water polo, swim events, Flippa Ball, underwater hockey
- ④ Recreation – lane swimming, fitness, swim training, bombing and water play
- ④ Fitness training – including water fitness classes and aqua jogging, fitness centre gymnasium
- ④ Fun for tamariki – Easter hunts, ANZAC colouring competitions, inflatables, mini tramp, bombing platform, birthday parties.

### STAGE 1

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The upgrade of the 50m pool and outdoor change rooms is now complete.

### STAGE 2

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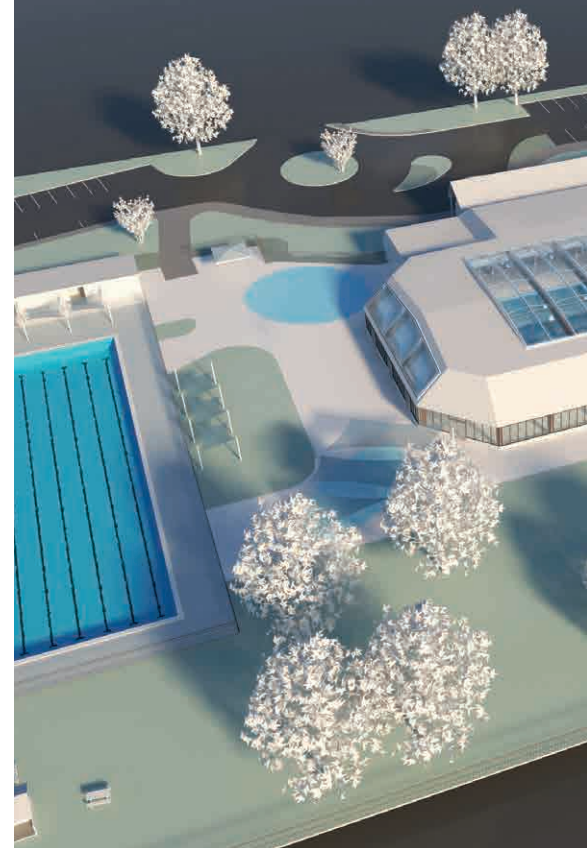
The refurbishment of the main pool hall and front of house.

### STAGE 3

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A commitment to develop options and attract external funding for new services, including the provision of a learn-to-swim pool, new hydro slides, new water play lido, new bombing pool, new café, fitness centre and upgrading of the spas.

Construction pricing challenges are being experienced in this project and have put pressure on the commencement of stage two.





## WASTE WATER TREATMENT PLANT

Rotorua Lakes Council, CNI Iwi Holdings Ltd and Te Arawa Lakes Trust have agreed to a Sustainable Forest Approach for our district's waste water. This will include upgrading Council's Waste Water Treatment Plant (WWTP) and the short to medium term continuation of discharging treated wastewater into the Whakarewarewa Forest. The upgrades will also be done 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 WWTP upgrade is currently in the detailed design phase with costings being calculated with construction set to begin in 2022/23.

## LAKES SEWERAGE SCHEMES TARAWERA SEWERAGE SCHEME

Dealing with wastewater at Tarawera via reticulation will have immediate impact on manageable nutrient loads and water quality in the lake. Reticulation of sewage from Tarawera to the Rotorua Waste Water Treatment plant via the Okareka system will reduce public health risks associated with poorly performing on-site treatment systems and will contribute to maintaining the bathing water quality of the lake.

Council's recommendation is to commence this project in a two-stage approach, stage one being the network construction with stage two relating to the connection of the properties to the network. Contractual negotiations are underway with stage one expected to commence through 2022/23 for completion in 2024.

## ROTOITI/ROTOMA

As this complex project nears completion, the remaining work comprises the connection of properties to the already installed network with expected completion in 2024.

Council's project team remains attuned to the varied challenges of the scheme. The overall water quality objectives and the broad benefits of the project are intergenerational. Every effort continues to be made to balance multifaceted considerations, to deliver the long-term goals of the project and to maintain harmonious community and partnership relationships.





## ROTORUA MUSEUM TE WHARE TAONGA O TE ARAWA

Our iconic Museum shut its doors to the public in 2016 following an assessment that found massive strengthening of the foundations was required and, that the building was earthquake prone. Due to that assessment, by law the building has to be either strengthened or demolished.

Demolition was not an option because of its Class 1 heritage and iconic national status and overwhelming community support to restore and reopen the Museum. In restoring and re-opening the Rotorua Museum Te Whare Taonga o Te Arawa the vision is to create a place that connects with the past, empowers the present and inspires the future. A place all our community can access, feel welcome, have a strong sense of belonging and, are proud to share with visitors.

Since the closure a huge amount of work has gone into understanding the challenges that come with trying to restore a 100 year old building, built on geothermally active ground. The Museum project is one of the most complex structural engineering projects underway in New Zealand and, we know it is vital that we take the time to get it right. To get it right, we have the best structural and geotechnical engineers in the country working on this project.

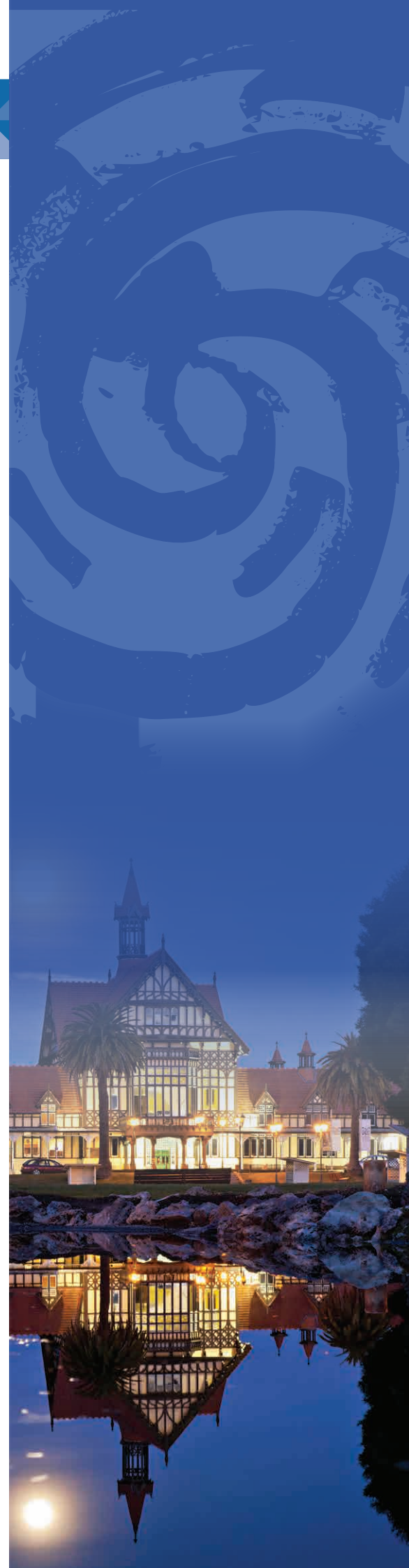
To date, structural and geotechnical investigations are complete, architectural designs are complete and the structural design will be complete this year.

However, like many complex projects of this nature, the cost to complete this vision is significantly more than what was anticipated when the investigations of the building, ground condition, and associated remedial works, were first scoped. These costs can be attributed to COVID-19 supply chain impacts (\$11 million), the need for a higher contingency in line with Treasury New Zealand recommendations (\$7million, increase from \$8 million to \$15 million total contingency) and additional targeted groundworks under the atrium gable walls required to address ongoing settlement (\$3 million to \$5 million estimate).

Based on this, there could be a funding a gap of some \$18 million to \$20 million.

Discussions are underway with funders to see what potential additional funding there might be and, we may need to look at how and when the people of Rotorua can provide more funding. Due to the significance of the project a conversation with the community will be needed if we can't close the funding gap and if we need to look at alternative options for completion.

If the required additional funding is unable to be secured, there could be an option to deliver the project in a staged approach, bringing the project closer to the existing





funding envelope (estimated up to \$5m total shortfall). A staged approach would see the opening of the Museum but without a café, new toilet amenity block, northern temporary gallery space, discovery space, basement access and heritage bath access. In order to complete these, future funding would need to be secured.

## LAKEFRONT

Our vision has been to develop the lakefront to tell our stories and present our unique cultural identity in a high quality environment, on par with other internationally renowned waterfronts. This revitalisation forms part of the greater central city upgrade and helps to shape and uplift our central business district. Not only does this new development provide an outstanding place to play and provide a water's edge experience, it is also uniquely Rotorua and is shaped by a cultural foundation that represents this.

The benefits of this new lakefront range from job creation opportunities and local pride, to more events and attractions, all of which help to stimulate our economy and help to shape a thriving community.

\$20 million of external funding from the Ministry of Business, Innovation and Employment has seen this \$40 million project come to fruition.

This project is planned to be completed through the 2022/23 financial year.

## FOREST RECREATION

Mountain biking, trail walking and running in the Tokorangi and Whakarewarewa forests are part of Rotorua's DNA. The trails attract an estimated 230,000 people for mountain biking and up to 800,000 other visitors each year.

Ongoing developments have been about enhancing and creating areas that are sustainable for future generations, as well as making the forest more accessible for a variety of users to enjoy.

Long-mile Road developments were a part of that vision, creating improved access points into the Redwoods Forest as well as a point of entry into the cycling tracks and Waipa Forest.

With the completion of Putaki o Tawa (Forest Hub 2), access has become easier into the forest for walking and cycling. The hub has enabled an alternative entry point into the forest as well as access to the forest loop. The forest loop has been named as a part of the great rides network and is the first to be added to this network in over a decade.









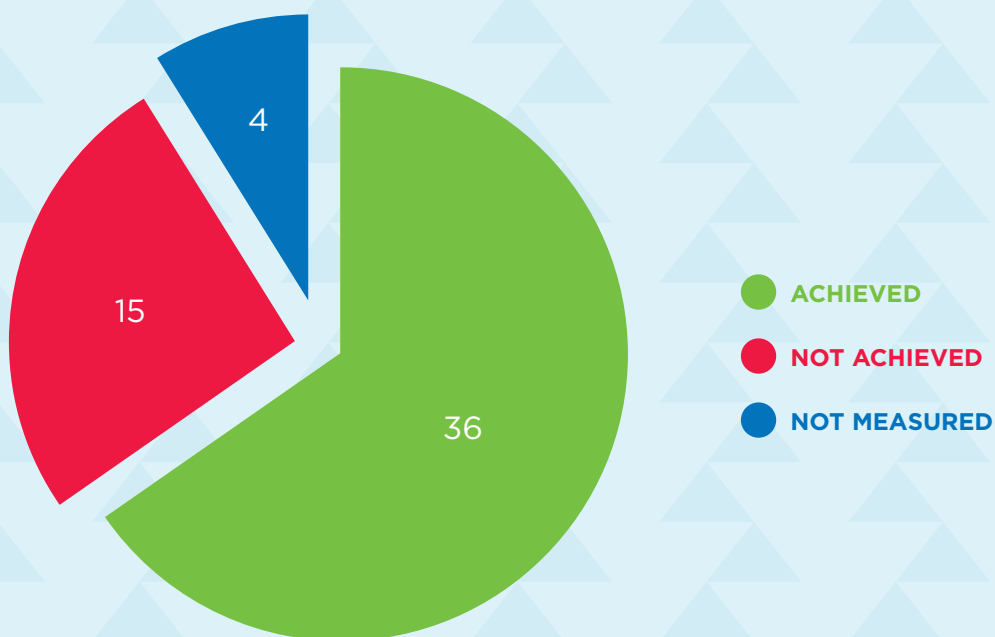
## HE ARONGA POTO: TE ĀHUA O NGĀ RATONGA AT A GLANCE: SERVICE PERFORMANCE

The 2021-31 Long-term Plan arranges Council's services into eight activities, setting 55 KPIs. For this financial year, 51 KPIs have been reported on.

Differing circumstances support the four KPIs not measured, as detailed in this section; 65% are achieved and 27% are not achieved with 7% not measured. In comparison with the 2020-2021, 60% KPIs were achieved, 34% not achieved and 6% not measured.

COVID19 has hit our community hard and this is reflected in some of the measures that were not achieved. Measures that relate to housing delivery and economic activity have not performed against the baseline. The implementation of lockdowns and traffic light settings have restricted movement across the country heavily impacting the local economy. With the awarding of funds through the Infrastructure Acceleration Fund and the inclusion of Rotorua in the Medium Density Residential Standards, housing enablement is expected to align to measures set in the LTP moving forward.

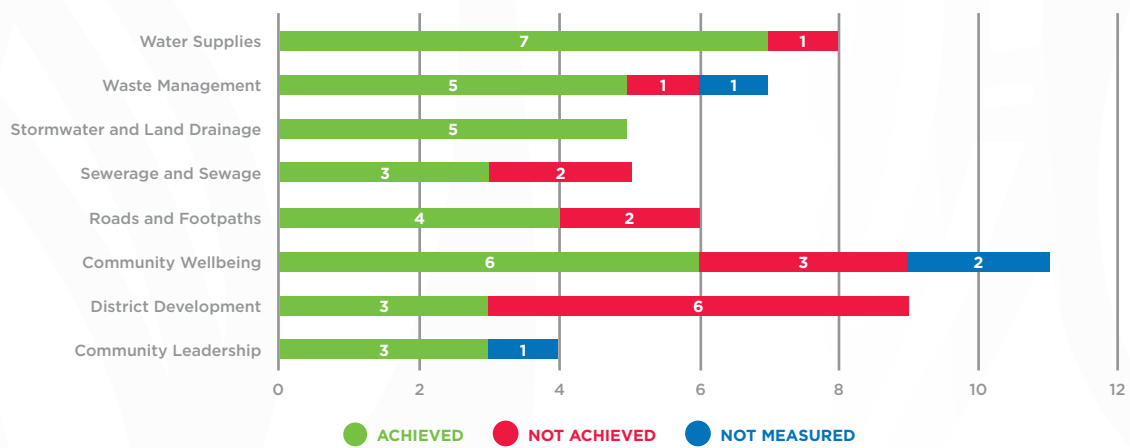
### PERFORMANCE TARGETS SUMMARY



## LOCAL GOVERNANCE FOR COMMUNITY WELLBEING

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 PERFORMANCE TARGETS BY ACTIVITY GROUP





# KĀHUI HĀPORI ŌRANGA COMMUNITY WELLBEING COMMUNITY OUTCOMES



Papa whakatipu  
Outstanding places to play



Waahi pūmanawa  
Vibrant city heart



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumarū  
Homes that match needs



He hāpori pūmanawa  
A resilient community



He huarahi hou  
Employment choices



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

- ☉ To create connected thriving, communities that promote wellbeing and social cohesion
- ☉ To have a range of activities, events and experiences that connect and engage our community.
- ☉ To support the development of communities to be to become more vibrant, resilient and sustainable.
- ☉ To support the development of community identity creation so people are proud of where they live.
- ☉ To ensure that people feel safe in public spaces and places.

## WHAT WE DO

- ☉ Create a sense of place – building identity and pride
- ☉ Connect communities – bringing people together to build social cohesion, contribute to and experience their place
- ☉ Strengthen neighbourhoods – building community capability and resilience
- ☉ Support wellbeing – shaping strong and healthy communities

## WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN









- ☉ District Library
- ☉ Rotorua Museum
- ☉ Sir Howard Morrison Performing Arts Centre
- ☉ Energy Events Centre
- ☉ Markets Events and Festivals Sports
- ☉ Sports, Recreation and Environment
- ☉ Gardens, reserves and sports grounds
- ☉ Aquatic Centre

## KEY IMPACT ON COMMUNITY WELLBEING









# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
Community Wellbeing	Creation of safe public spaces and places	% decrease across the CCTV district network in criminal/antisocial/suspicious activity	Establish baseline	 Not measured	The data we have currently collected doesn't allow for accurate reporting on this measure. Over the the past year, we have worked to simplify and confirm our data capture methods and coding criteria. Moving forward, when we are able to combine our data with a feedback loop we will be in a position to confirm the outcome of any reported issue. We have been able to confirm the trends occurring in this space and our data capturing methods for this measure will be more robust moving forward. Note: until the 'result' codes have been implemented for a full year the results may initially be skewed slightly. This will however become more accurate as time passes.	New measure
		Number of CPTED/ public safety assessments completed annually including key priority locations.	Establish baseline	 Not measured	The data we have currently collected doesn't allow for accurate reporting on this measure. Moving forward this KPI will consist of two different elements - firstly, formal CPTED reports (undertaken by a CPTED trained professional) and secondly, CPTED based actions or advice that is recorded by a staff member and subsequently implemented. We are currently in the final stages of implementing this system and ensuring that data is able to be accurately recorded and analysed.	New measure
		Number of lesson in Learn to Swim School programmes per term	≥18,000	 13993	This measure was significantly affected by the COVID Omicron restrictions and ongoing cancellation of school visits in the third and fourth quarter. Learn to swim programmes have continued to be impacted by COVID-19 and we have seen declining attendance numbers year-on-year since 2019 when COVID first took effect.	 17,134
	Creation of vibrant, energised experiences with loads of activity	Percentage of customers very/fairly satisfied with Arts and Culture Offerings	85%	 91%	This measure was not measured in quarters two and three due to the impacts of Omicron restrictions and the COVID-19 pandemic. However, once our arts and culture services resumed we have successfully reached our satisfaction level targets.	 90%
		Percentage of customers very/fairly satisfied with quality of Markets, Events and Festivals	85%	 84%	Events and markets were severely disrupted in quarter two leading to lower than expected satisfaction results; in addition, this measure was not measured in quarter three due to the impacts of Omicron restrictions and not being able to hold events and markets. However, once our events and markets resumed we have successfully reached our satisfaction level targets.	 89%

 Not Measured  Achieved  Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
Community Wellbeing	Facilitate social outcomes by working with other organisations, and coordinate approaches to enable community-led initiatives and community capacity building.	Number of projects funded via the Neighbourhood Matching Fund each year.	25	 18	The lingering effects of COVID have dampened communities' ability to hold events and gatherings resulting in fewer than expected grants. However a range of projects were delivered and this included two large grants in the last quarter.	New measure
		Number of community plans supported	One community plan	 One community plan	The Eastside Community Wellness Plan has been completed and is under implementation. Work in the Western Locality is underway in preparation for a community plan over the next year.	New measure
		Number of people participating in community programmes for skills development and lifelong learning.	plus 5%	 24081	The lingering effects of COVID have dampened communities' ability to take part in skills development and lifelong learning programmes; particularly in the third quarter when COVID sickness significantly reduced programme attendance. However, overall the target of 5% was achieved.	New measure
	Provide for and develop a sustainable open space network	Percent of residents located in urban areas are able to walk 10-15 minutes (or 500 metres) to a neighbourhood park or equivalent function.	90%	 99.6%	"The data we had over the first three quarters did not allow for accurate reporting on this measure. Analysis of GIS data shows 99.6% of households are within 500m of an Open Space area boundary. More work is needed on access routes to understand walking time measures. Note: moving forward the methodology needs to be tightened. Currently it measures the houses within 500m of any reserve boundary. However we know that people can't just walk into each reserve at the closest boundary (ie the back of someone else's property) and they have to use the actual public access points. We don't have these points mapped yet. What it needs is someone to pin all the access points on GIS and then we measure the 500m from these points. So while we are at 99.6% now this will decrease once we have the access points marked.	New measure
		Percentage of users very/fairly satisfied with Council's open space network	90%	 96.4%	Park user surveys were carried out during the 21-22 summer months. This is the highest overall satisfaction score since 2016	New measure
		The visitor experience satisfaction rating for security in open space locations?	85%	 90.9%	Park user surveys carried out over the 21-22 summer showed perceptions of security were higher in nature type parks and lower in neighbourhood parks.	New measure

 Not Measured  Achieved  Not Achieved

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for Community Wellbeing

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	27,046	30,757	29,457
Targeted rates	-	-	-
Subsidies and grants for operating purposes	566	226	410
Fees and charges	1,064	3,490	1,634
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	86	22	(8)
Local authorities fuel tax, fines, infringement fees, and other receipts	973	429	544
<b>Total operating funding (A)</b>	<b>29,735</b>	<b>34,925</b>	<b>32,037</b>

Applications of operating funding			
Payments to staff and suppliers	20,707	22,160	21,657
Finance costs	2,535	3,005	3,171
Internal charges and overheads applied	3,328	5,335	6,420
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>26,570</b>	<b>30,500</b>	<b>31,248</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3,165</b>	<b>4,425</b>	<b>789</b>

Sources of capital funding			
Subsidies and grants for capital expenditure	33,261	17,555	10,253
Development and financial contributions	-	-	1,071
Increase (decrease) in debt	32,799	40,885	21,026
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>66,060</b>	<b>58,440</b>	<b>32,350</b>

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	60,975	45,695	32,273
• to replace existing assets	8,250	17,171	3,248
Increase (decrease) in reserves	-	-	(2,382)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>69,225</b>	<b>62,865</b>	<b>33,139</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>( 3,165)</b>	<b>(4,425)</b>	<b>( 789)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# TE HAUTŪTANGA A TE HAPORI COMMUNITY LEADERSHIP COMMUNITY OUTCOMES



Papa whakatipu  
Outstanding places to play



Waahi pūmanawa  
Vibrant city heart



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumarū  
Homes that match needs



He hāpori pūmanawa  
A resilient community



He huarahi hou  
Employment choices



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

- ☉ To support the Council's role in setting the future direction and priorities for the District
- ☉ To lead, partner and advocate for the communities of Rotorua
- ☉ To enable informed and inclusive decision making
- ☉ To partner effectively with Te Arawa to achieve enhanced outcomes for iwi and the Rotorua District

## WHAT WE DO

- ☉ Nurture sustainable relationships that allow people to participate
- ☉ Support engagement between Council and Māori communities, marae, runanga, iwi, hapu and whānau, and facilitating Māori input into council decision-making
- ☉ 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
- ☉ 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

## WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN

- ☉ Governance
- ☉ Customer Centre
- ☉ Finance
- ☉ Information services
- ☉ Communications
- ☉ Kaitiaki Māori
- ☉ Organisation Development and Capability
- ☉ Property and Legal
- ☉ CE Office

## KEY IMPACT ON COMMUNITY WELLBEING








SOCIAL



CULTURAL

# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
Community Leadership	Provide opportunities for the community and individuals to participate	Percentage of residents who are satisfied with the Let's Talk platform - quality, reliability and value	75%	 85%	The survey was undertaken in the fourth quarter. We undertook a review of the survey methodology this year to ensure that the satisfaction scale was more transparent (very satisfied, fairly satisfied, neutral, unsatisfied, very unsatisfied). Therefore, we have a higher level of confidence that this result reflects the satisfaction level of our Let's Talk platform users. In addition, this result suggests that work we have done to improve the platform has paid off as satisfaction levels have increased from last year's 77%.	 90%
		Increase the "reach" attained through engagement campaigns	Increase by 10%	 Not measured	2022 should be set as the benchmark for future measures. Due to not having a comparison measure, this is not measured this year but will be measured in future years	New measure
	Create a sense of trust and confidence within our community around Council's decision making	No decision is overturned by judicial review	Achieved	 Achieved	No decisions of the governing body have been overturned by Judicial Review. One decision was taken to Judicial Review during this financial year with the withdrawal of the decision in July 2022	New measure
	Demonstrate principles of partnership in working on shared outcomes	% of Maori groups satisfied/ highly satisfied with Council's performance as a good partner	70%	 71%	The survey was undertaken in the fourth quarter. 71% of respondents were satisfied or highly satisfied with Council as a partner. The reasons cited for this level of satisfaction are Council's communication with groups, being approachable, and existing relationships and goodwill.	New measure

 Not Measured    Achieved    Not Achieved



**ROTORUA LAKES COUNCIL:**  
Funding Impact Statement for the year  
ended 30 June 2022 for Community Leadership

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,835	11,314	10,836
Targeted rates	-	-	76
Subsidies and grants for operating purposes	29	-	334
Fees and charges	-	2,202	1,908
Internal charges and overheads recovered	27,661	17,705	19,523
Local authorities fuel tax, fines, infringement fees, and other receipts	2,441	556	767
<b>Total operating funding (A)</b>	<b>40,966</b>	<b>31,777</b>	<b>33,444</b>
Applications of operating funding			
Payments to staff and suppliers	24,139	24,403	21,085
Finance costs	1,230	1,159	1,479
Internal charges and overheads applied	11,133	1,475	1,365
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>36,502</b>	<b>27,037</b>	<b>23,929</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>4,464</b>	<b>4,740</b>	<b>9,515</b>
Sources of capital funding			
Subsidies and grants for capital expenditure	-	227	( 2)
Development and financial contributions	-	-	-
Increase (decrease) in debt	11,474	33,425	9,807
Gross proceeds from sale of assets	2,000	-	(344)
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>13,474</b>	<b>33,652</b>	<b>9,461</b>
Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	14,185	23,066	497
• to replace existing assets	2,003	6,544	7,115
Increase (decrease) in reserves	-	-	7,718
Increase (decrease) of investments	1,750	8,782	3,645
<b>Total applications of capital funding (D)</b>	<b>17,938</b>	<b>38,392</b>	<b>18,976</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>( 4,464)</b>	<b>( 4,740)</b>	<b>( 9,515)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



**CBK**  
CRAFT BAR & KITCHEN

MOA  
MOUNTAIN ORGANIC ALE  
CRAFT BEER

Solace

Hair & Beauty  
Salons  
Service Skills Centre

PONSCHBY RD

WOODSIDE PIZZA

CAFFE GRANO

THE BREAD

AMBROSIA

ALLIUM

MOA  
POWELL  
BEAT  
BY YOUR  
PASSION  
FINALLY,  
SOMETHING DRINKABLE  
FROM PARAHORONGO.  
MOA

CBK  
WINE  
Breakfast  
BREAKFAST  
BREAKFAST OPEN FROM 9AM  
CBK

OPEN



# TE WHAKAMAHERE ME TE WHAKATURE DISTRICT DEVELOPMENT AND REGULATORY: COMMUNITY OUTCOMES



Papa whakatipu  
Outstanding places to play



Waahi pūmanawa  
Vibrant city heart



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumarū  
Homes that match needs



He hāpori pūmanawa  
A resilient community



He huarahi hou  
Employment choices



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

- ☉ To create community wealth and a sustainable economy.
- ☉ To grow business and investor confidence.
- ☉ To enable land to be developed to support residential, industrial and business growth opportunities.
- ☉ To promote and lead Rotorua's unique destination as a great place to live, work, play, visit and invest.

## WHAT WE DO

- ☉ Rotorua is a confident and strong District, with growing business and investor confidence. The land is being developed to support residential, industrial and business growth opportunities.
- ☉ Enable residential land development through partnerships with landowners to provide for the delivery of housing across all sizes and typologies (social, affordable and market) to meet community needs.
- ☉ Enable development ready land to support the business sector to support business expansion, relocation or new investment.
- ☉ Destination Marketing and development with a continued energy into strengthening our quality and value in tourism, strengthening our position nationally and improving sector resilience. Enabling new projects and investment that will build on our cultural strengths and the environment.

## WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN

- ☉ Animal control
- ☉ Inspection and compliance
- ☉ Parking enforcement

## ENABLE INNER-CITY TRANSFORMATION THROUGH:

Significant residential projects to bring new vibrancy and activity across the inner city.

## FOCUS ON:

Wood processing and technology-focused investment to create an opportunity to see the District recognised as a centre of excellence for forestry and biotechnology.

## WE WILL DELIVER THIS THROUGH PROVIDING SERVICES IN:

- ☉ Strategy, Planning, Policy and Consenting
- ☉ Destination Marketing
- ☉ Economic Development

## KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC







ENVIRONMENTAL








CULTURAL

# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
DISTRICT DEVELOPMENT	Support and enable growth by unlocking development opportunities	Provide sufficient development capacity for residential housing as per the requirements of the NPS-UD.	Achieved	 Not achieved	The HBA 2021 assessment has shown that there is not sufficient development capacity for residential housing as per the requirements of the NPS-UD.  The residential District Plan changes being delivered in 2022/23 will address the development capacity shortfall.	New measure
		Provide sufficient development capacity for businesses as per the requirements of the NPS-UD.	Achieved	 Not achieved	The HBA 2021 assessment has shown that there is sufficient development capacity for businesses as per the requirements of the NPS-UD in the short-term (the next three years). However it is considered likely there will be a shortfall of land for light industrial activities in the medium-term (four to ten years) and increasing shortfall in the long-term.  Work on Business land District Plan changes will begin following completion of the residential changes in 2022/23.	New measure
		Cumulative number of dwellings constructed from 1/7/2021	>=600	 229	"One hundred and ninety dwellings have passed final building inspection between 1 July 2021 and 30 June 2022. This number includes dwellings inspected by both RLC and Consentium Building Consent Authorities in the Rotorua District. While this is significantly below the 600 per annum target, this is still the second highest annual number of dwellings constructed in the last 13 years, below previous year's record total of 231.  As at 30 June 2022, there were 652 new dwellings in the building consent pipeline (consented and under construction, consented and waiting for construction to begin or having building consent applications processed. This is the highest number on record and is 34% higher than the previous record high the same time last year. This reflects the number of initiatives aimed at increasing the housing supply.	New measure
		Cumulative gross floor area (sqm) of buildings for business use constructed since 1/7/2021	>=19,000	 Not measured	Measure yet to be developed.	New measure

 Not Measured  Achieved  Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
DISTRICT DEVELOPMENT	Support and enable businesses to grow job creation opportunities	Number of recipients of the Job Seeker Support - Work Ready benefit as a proportion of the working age population.	<7.4%	 7.2%	Of the working age population, 7.2% were receiving Job Support Scheme payments (JSS-WR) as at 30 June 2022. Job seeker numbers have been on a decreasing trend throughout the year. We expect for them to continue to decrease. We are currently experiencing a skills mis match with employers struggling to fill roles in the current talent market, we can see this through online job listings which are up significantly compared to the same time last year and have been for the last two quarters.	New measure
		Number of CBD retail and office spaces not tenanted	<150	 140	Telfer Young December 2021 survey found 140 vacant tenancies in the CBD, 74 Retail, and 66 Office. 140 premises are untenanted as at 30 June 2022. These are due to the lingering effects of the Covid 19 pandemic and slow business activity during that period.	130
	Support and enable development by processing Resource and Building consents	Percentage of non-notified resource consents processed within 20 working days (Land Use)	100%	 64.3%	Demand has outstripped capacity as the building activity continues unabated. Council has struggled with resourcing (staff) issues to process consents. Staff vacancies have remained unfilled due to a lack of suitable applicants. In addition, staff absenteeism through illness has been a theme.	New measure
		Percentage of non-notified resource consents processed within 20 working days (Subdivision)	100%	 53.3%	Demand has outstripped capacity as the building activity continues unabated. Council has struggled with resourcing (staff) issues to process consents. Staff vacancies have remained unfilled due to a lack of suitable applicants. In addition, staff absenteeism through illness has been a theme.	New measure
		Percentage of consents processed within 20 working days (Building Consents)	100%	 93.0%	Demand has outstripped capacity as the building activity continues unabated. Council has struggled with resourcing (staff) issues to process consents. Staff vacancies have remained unfilled due to a lack of suitable applicants. In addition, staff absenteeism through illness has been a theme.	New measure

 Not Measured  Achieved  Not Achieved

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for District Development & Regulatory

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

### Sources of operating funding

General rates, uniform annual general charges, rates penalties	2,840	7,785	7,398
Targeted rates	6,041	6,525	6,868
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,996	6,219	6,169
Internal charges and overheads recovered	59	60	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2,468	3,684	2,445
<b>Total operating funding (A)</b>	<b>13,404</b>	<b>24,273</b>	<b>22,880</b>

### Applications of operating funding

Payments to staff and suppliers	13,841	20,694	21,386
Finance costs	442	539	470
Internal charges and overheads applied	2,664	2,940	3,153
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>16,947</b>	<b>24,173</b>	<b>25,009</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>( 3,543)</b>	<b>100</b>	<b>(2,129)</b>

### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,648	80	3,117
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,648</b>	<b>80</b>	<b>3,117</b>

### Applications of capital funding

Capital expenditure—			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	301
• to replace existing assets	105	30	18
Increase (decrease) in reserves	-	150	668
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>105</b>	<b>180</b>	<b>988</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>3,543</b>	<b>( 100)</b>	<b>2,129</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NGĀ HUARAHI ME NGĀ ARA ROADS AND FOOTPATHS COMMUNITY OUTCOMES



He hāpori pūmanawa  
A resilient community



Waahi pūmanawa  
Vibrant city heart

## WHY WE DO IT

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

## WHAT WE DO

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

## KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC











ENVIRONMENTAL



CULTURAL





# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 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	 0	<p>Previous year data from crash database indicates:</p> <p>2019/20 - Fatal 3 Serious Injuries 24 2020/21 - Fatal 2 Serious Injuries 15 2021/22 - Fatal 0 Serious Injuries 15</p> <p>Fatal accidents have decreased and serious injuries increased by one compared to 2020/21. 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.</p>	 1 fewer fatality and 9 fewer serious injuries compared to 2019/20
	Condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.*	≥75%	 88%	<p>RAMM updated 31 July-22</p> <p>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.</p>	 90%
	Maintenance	The percentage of the sealed local road network that is resurfaced.	≥7-9%	 6.4%	<p>The total reseal programme for 2021-22 was reduced from the 2019-20 year of 67km to 57.3km due to budget constraints. The reduced reseal programme for 2021 - 2022 of 57.3km has been 99% completed (6.4% of our sealed network of 872kms). However the measure is not achieved as the target is set for 7-9% of the sealed network of 872kms which is 67km.</p>	 6%
	Condition	The percentage of footpaths within the Rotorua district that fall within the condition four (4) or better, set out in the council's asset management plan	≥98%	 100%	<p>The annual network representative audit conducted in February 2022 of a 10% sample of footpaths identified that none of those were at condition five (5) (requiring immediate replacement) so all are now in condition four (4) or better. On a total network basis, &gt;99% have a condition rating four (4) or better.</p>	 99%

 Not Measured  Achieved  Not Achieved



Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 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%	 84%	All of the 765 'public' maintenance requests (dispatches) received an immediate response through logging directly to the Asset Management System, and of the 424 'Transport' complaints and/or new service requests, 239 were responded to within five working days. Therefore 84.4% of the total 1189 enquires were responded to within five working days.	 86%
	Utilisation	Number of Cyways users (Average Daily use)	279	 280	<p>Reporting shows the daily average across all four monitoring sites.</p> <p>Kuirau Park: daily average 38 cyclists per day (-14% over 20/21)            Fenton St: daily average 59 cyclists per day (-21% over 20/21)            Ngongotaha Trail: daily average 103 cyclists per day (+13% over 20/21)            Amohau St: daily average 80 cyclists per day (-1% over 20/21)</p> <p>Compared to the previous year Kuirau Park has dropped, possibly due to the reduction in visitors due to COVID-19. Fenton Street cyclists have also dropped significantly, which could reflect perceptions of safety and concerns about Fenton Street emergency housing facilities. Ngongataha trail numbers are up, which could be a reflection of big traffic holdups at the Ngongotaha Roundabout during the roading upgrade.</p>	 287

 Not Measured  
  Achieved  
  Not Achieved

\*Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for Roothing and Footpaths

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	12,581	11,983	11,476
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3,151	4,094	4,100
Fees and charges	260	141	48
Internal charges and overheads recovered	121	27	8
Local authorities fuel tax, fines, infringement fees, and other receipts	985	665	634
<b>Total operating funding (A)</b>	<b>17,098</b>	<b>16,910</b>	<b>16,268</b>

Applications of operating funding			
Payments to staff and suppliers	9,262	9,619	9,647
Finance costs	1,961	1,427	1,293
Internal charges and overheads applied	2,742	2,023	2,253
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>13,965</b>	<b>13,069</b>	<b>13,192</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,133</b>	<b>3,841</b>	<b>3,075</b>

Sources of capital funding			
Subsidies and grants for capital expenditure	8,100	9,579	4,272
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,162	2,442	8,573
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,262</b>	<b>12,021</b>	<b>12,845</b>

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	500	7
• to improve the level of service	6,582	7,906	4,698
• to replace existing assets	6,814	7,457	7,262
Increase (decrease) in reserves	-	-	3,954
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>13,395</b>	<b>15,862</b>	<b>15,921</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>( 3,133)</b>	<b>( 3,841)</b>	<b>(3,075)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# PARAKAINGAKI ME TE WAI-PARA SEWERAGE AND SEWAGE COMMUNITY OUTCOMES



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumaruru  
Homes that match needs



He hāpori pūmanawa  
A resilient community

## WHY WE DO IT

To protect and promote public health and minimise the impact of communities on the environment.

## WHAT WE DO

Provide reliable wastewater (sewage and trade wastes) collection and treatment infrastructure service to specific areas of the District. This activity comprises the collection, treatment and disposal of sewage from toilets and drains, from the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as identified rural lakeside communities. This is provided by effective strategic planning, asset development and management, service provision and liaison with stakeholders and the community in general.

## KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC









ENVIRONMENTAL







CULTURAL

# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
SEWERAGE AND SEWAGE	Systems 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	 2.79/ 1000 connections	Sixty-Seven overflows reported from 24,046 properties rated for sewer.	 2.23 / 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	 1	One abatement notice was received during the period.	 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	 30 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.	 31 minutes

 Not Measured    Achieved    Not Achieved

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
SEWERAGE AND SEWAGE	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	 92 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.	 105 minutes
	Customer satisfaction	"The total number of complaints received by the territorial authority about any of the following: <ul style="list-style-type: none"> <li>• sewage odour</li> <li>• sewerage system faults</li> <li>• sewerage system blockages, and</li> <li>• the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system"</li> </ul>	≤ 25 / 1000 connections	 32 odour 495 faults 50 blockages 9 response complaints  Total 23.04 / 1000 connections	"Five hundred and eighty-six complaints and service faults received from 25,458 properties rated for sewer. Important to note, that of the total faults recorded, 353 or 60% 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. This anomaly will be rectified during the next LTP."	 30 odour 529 faults 90 blockages 1 response complaints  Total 25.9 / 1000 connections"

 Not Measured    Achieved    Not Achieved

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for Sewerage and Sewage

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	19,536	20,292	20,260
Subsidies and grants for operating purposes	-	-	-
Fees and charges	625	560	634
Internal charges and overheads recovered	528	417	-
Local authorities fuel tax, fines, infringement fees, and other receipts	39	9	9
<b>Total operating funding (A)</b>	<b>20,728</b>	<b>21,278</b>	<b>20,904</b>

Applications of operating funding			
Payments to staff and suppliers	9,985	10,928	11,411
Finance costs	1,495	1,101	1,016
Internal charges and overheads applied	3,318	3,027	3,150
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>14,798</b>	<b>15,056</b>	<b>15,578</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,930</b>	<b>6,222</b>	<b>5,326</b>

Sources of capital funding			
Subsidies and grants for capital expenditure	1,200	-	1,292
Development and financial contributions	-	10,030	-
Increase (decrease) in debt	2,370	3,097	6,739
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,570</b>	<b>13,127</b>	<b>8,031</b>

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	119	-	-
• to improve the level of service	4,299	13,600	6,966
• to replace existing assets	5,081	5,749	7,220
Increase (decrease) in reserves	-	-	(829)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>9,500</b>	<b>19,349</b>	<b>13,357</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>( 5,930)</b>	<b>( 6,222)</b>	<b>(5,326)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WAI ĀWHĀ STORMWATER AND LAND DRAINAGE COMMUNITY OUTCOMES



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumaruru  
Homes that match needs



He hāpori pūmanawa  
A resilient community



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

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

## WHAT WE DO

- ☉ Provide and maintain a stormwater drainage network of piped and open channels across the District and where appropriate stormwater treatment infrastructure.
- ☉ 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

## KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC













ENVIRONMENTAL



CULTURAL

# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
Stormwater And Land Drainage	System adequacy	*The number of flooding events that occur in a territorial authority district.	 ≤ 2	 1	Flooding occurred during the heavy rain events on 30 May 2022.	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	 0.18/1000 rated properties	Five properties reported flooding of habitable floors from 28,378 rated properties.	0
	System adequacy	Council's stormwater compliance with 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 in relation to those resource consents	 0	 0	No abatement or infringement notices, enforcement orders or convictions we received during the period.	0
	System adequacy	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	 50	Median response time was under 60 minutes for flooding service requests.	0
	System adequacy	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	 2.8 /1000 rated properties	Seventy-nine service requests /complaints received from 28,378 rated properties.	1.6 / 1000 rated properties

 Not Measured    Achieved    Not Achieved



## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended  
30 June 2022 for Stormwater and Land Drainage

Annual Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,104	3,819	3,658
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	451
Fees and charges	-	32	-
Internal charges and overheads recovered	73	-	1,028
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	44
<b>Total operating funding (A)</b>	<b>5,178</b>	<b>3,851</b>	<b>5,180</b>

Applications of operating funding			
Payments to staff and suppliers	1,347	1,552	2,603
Finance costs	364	337	330
Internal charges and overheads applied	2,146	912	1,440
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,857</b>	<b>2,801</b>	<b>4,373</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,321</b>	<b>1,050</b>	<b>807</b>

Sources of capital funding			
Subsidies and grants for capital expenditure	-	10,393	9,155
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,744	2,450	2,189
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,744</b>	<b>12,843</b>	<b>11,343</b>

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	10,393	7,029
• to improve the level of service	2,600	500	2,972
• to replace existing assets	465	3,000	1,877
Increase (decrease) in reserves	-	-	272
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,065</b>	<b>13,893</b>	<b>12,150</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>( 1,321)</b>	<b>( 1,050)</b>	<b>(807)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>





# TE WHAKAHAERE PARA WASTE MANAGEMENT COMMUNITY OUTCOMES



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

☉ To provide for the collection, reduction, reuse, recycling, and disposal of waste sustainably.

## WHAT WE DO













☉ The activities provide a weekly refuse collection service for residential properties, manages and provides recycling and re-use services and plans, provides and manages waste disposal facilities.

## KEY IMPACT ON COMMUNITY WELLBEING



# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
WASTE MANAGEMENT	Sustainability	Number of tonnes per annum of green + wood waste recovered at landfill.	≥5,000 tonnes	 5616	Green and wood waste is lower than the previous year due to less lockdown periods where people were working from home and doing more domestic garden cleanup	 5718 tonnes
	Sustainability	Number of tonnes per annum of concrete waste recovered.	≥1,000 tonnes	 1455	This result is dependant on projects and redevelopments occurring during any given year	 1528 tonnes
	Sustainability	Number of tonnes per annum of recycled material recovered.	≥5,000 tonnes	 5156	The higher tonnes collected in 2021/22 versus the previous year is due to less Covid lockdowns and the reopening of recycling centres post covid, whereas during covid lockdowns, recycling was sent to landfill.	 4968 tonnes
	Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per capita.	≤ 210 kg / capita Per Year	 220	Waste collection was slightly above the target minimum (approx. 5% higher). The increase seems to be driven by high waste collections during the summer months.	 573kg
	Compliance	Compliance with resource consent conditions at the landfill	100%	 100%	No incidents reported	 82%
	Sustainability	Reducing the percentage of contaminants in kerbside recycling collection across the Rotorua District.	<22%	 21%	The average yearly contamination was 21%, meeting the target for less than 22%. However, there are opportunities to improve the recycling quality further with upcoming changes in regulations.	New measure
	Sustainability	Number of tonnes per annum of food and green waste diverted from kerbside FOGO collections	-	 Not measured	The food and organic waste collection service has not yet been introduced (Year three of the LTP).	New measure

 Not Measured    Achieved    Not Achieved

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for Waste Management

Long-term Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,610	2,248	2,153
Targeted rates	6,282	7,145	6,903
Subsidies and grants for operating purposes	-	277	397
Fees and charges	931	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	120	717	973
<b>Total operating funding (A)</b>	<b>8,942</b>	<b>10,388</b>	<b>10,426</b>

Applications of operating funding			
Payments to staff and suppliers	7,938	9,072	9,669
Finance costs	19	10	4
Internal charges and overheads applied	747	901	816
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,703</b>	<b>9,983</b>	<b>10,488</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>239</b>	<b>405</b>	<b>( 62)</b>

Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	( 239)	( 405)	23
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>( 239)</b>	<b>( 405)</b>	<b>23</b>

Applications of capital funding			
Capital expenditure—			
• to meet additional demand	-	-	53
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	( 91)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>(39)</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>( 239)</b>	<b>( 405)</b>	<b>62</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>





# TE TUKU WAI WATER SUPPLIES COMMUNITY OUTCOMES



Whakawhanake pākihi  
Business innovation and prosperity



Kāinga noho, kāinga haumarū  
Homes that match needs



He hāpori pūmanawa  
A resilient community



Tiakina to taiao  
Enhanced environment

## WHY WE DO IT

- ☉ To protect and promote public health, ensure fire-fighting water supplies are available in specific areas and enable businesses to operate and grow.

## WHAT WE DO

- ☉ Provide a cost-effective, constant, adequate, sustainable and high-quality supply of water to three urban supply areas, five residential supply areas and two farming supply areas. Assess and where appropriate, plan for water supply provision to other areas of the District.

## KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC









ENVIRONMENTAL



CULTURAL






# MEASURING OUR PERFORMANCE

Council has measured its achievements towards the objectives set in the Long-term Plan 2021-2031 through the performance measures below.

Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
WATER SUPPLIES	Safety of drinking water	The extent to which Council's drinking water supplies comply with:"The extent to which Council's drinking water supplies comply with Part 4 of the Drinking Water Standards (bacteria compliance criteria) The extent to which Council's drinking water supplies comply with Part 5 of the Drinking Water Standards (protozoal compliance criteria) Part 4 of the Drinking Water Standards (bacteria compliance criteria) 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 nine of 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 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs.	 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)
	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%	 30%	Measurement based on Water NZ water loss benchmarking methodology - Current Annual Real Losses. This measure combines all ten water supplies (Urban and Rural). Monitoring of night flows from our reservoirs has indicated that we have some significant leakage in our Ngongotahā supply area. Detection Services Ltd have been engaged to locate the leak/s so that repairs can be made. Rectification of leakage in Ngongotahā was identified as a medium priority action in the Water Supply Asset Management Plan (2021). The completion of sectorisation and pressure management in the Central supply area will also enable better monitoring and of water usage and loss in the zones.	 26%
	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	 30 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.	 24 minutes

 Not Measured  
  Achieved  
  Not Achieved



Activity	Level of service	How will it be measured? (Measures)	2021/22 Target	2021/22 Result	Year-end comment as at 30 June 2022	2020/21 Result
WATER SUPPLIES	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	 76 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.	95 minutes
	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	 18 hours 31 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 one days.	4 hours 26 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	 23 hours 8 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 three-days.	18 hours 15 minutes
	Customer satisfaction	"The total number of complaints received by the local authority about any of the following: • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system."	≤ 10 / 1000 connections	 19 clarity 30 taste 1 odour 41 pressure or flow 44 continuity complaints 7 service complaints Total =5,30 / 1000 connections"	One hundred and forty-two 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.	"9 clarity 17 taste 0 odour 32 pressure or flow 62 continuity complaints 15 service complaints Total = 5.18 / 1000 connections"
	Demand management	The average consumption of drinking water per day per resident within the territorial authority based on water leaving the water treatment plants in litres per capita per day (annual consumption and based on population of 25,641 connections supplied with water)	≤ 320 litres per person per day	 265 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed.	282 litres per person per day

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2022 for Water Supplies

Long-term Plan	Long-term Plan	Actual
2020/21 (\$000)	2021/22 (\$000)	2021/22 (\$000)

### Sources of operating funding

General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	10,139	10,404	10,589
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8	13	29
Internal charges and overheads recovered	458	245	294
Local authorities fuel tax, fines, infringement fees, and other receipts	252	228	394
<b>Total operating funding (A)</b>	<b>10,858</b>	<b>10,889</b>	<b>11,307</b>

### Applications of operating funding

Payments to staff and suppliers	5,484	5,987	5,633
Finance costs	674	559	516
Internal charges and overheads applied	2,131	1,760	2,244
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,289</b>	<b>8,306</b>	<b>8,393</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>2,568</b>	<b>2,583</b>	<b>2,914</b>

### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	33
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,053	1,615	3,424
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,053</b>	<b>1,615</b>	<b>3,457</b>

### Applications of capital funding

Capital expenditure—			
• to meet additional demand	2,555	-	810
• to improve the level of service	500	850	563
• to replace existing assets	2,568	3,350	2,388
Increase (decrease) in reserves	-	-	2,610
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,622</b>	<b>4,199</b>	<b>6,372</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>( 2,568)</b>	<b>( 2,584)</b>	<b>(2,914)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



**ROTORUA  
LAKES COUNCIL**

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**NGĀ TAUĀKI  
PŪTEA**

**FINANCIAL  
STATEMENTS**

FOR THE YEAR ENDED  
30 JUNE 2022







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RĪPOATA  
KAIAROTAKE  
**AUDITOR'S  
REPORT**

TO THE CUSTOMERS OF  
ROTORUA LAKES COUNCIL



## Independent Auditor's Report

### To the readers of Rotorua Lakes Council's annual report for the year ended 30 June 2022

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.

#### **Our audit was completed late.**

We completed our work on 27 September 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by Section 98(7) of the Local Government Act 2002.

#### **Opinion on the audited information**

In our opinion:

- the financial statements on pages 74 to 145:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2022;
    - 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 146, 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;



- the service performance information on pages 33 to 66:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, 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 38 to 66, 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 38 to 66, 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 174 to 178, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

### Emphasis of matter – Uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note 29 on page 145, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.

The financial impact of the water services reform on the District Council as outlined in note 29 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

### **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.

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 statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

## 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 32 and 147 to 173, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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 audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, 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





# 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 complied with.

## 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 27 September 2023.

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 2022 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.

**G. Rang**  
Interim Chief Executive

Date: 27/09/2023

**T. Tapsell**  
Her Worship the Mayor

Date: 27/09/2023

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Council		Actual 2021 \$'000	Group	
		Actual 2022 \$'000	Budget 2022 \$'000		Actual 2022 \$'000	Actual 2021 \$'000
<b>Revenue</b>						
Rates	2a	109,676	112,272	101,383	109,569	101,279
Subsidies and grants	2b	30,727	52,381	25,222	31,847	26,077
Development and financial contributions	2c	1,071	-	669	1,071	669
Finance income	3	687	630	688	236	169
Other revenue	2d	26,598	18,420	15,700	32,893	19,940
<b>Total revenue</b>		<b>168,759</b>	<b>183,703</b>	143,662	<b>175,616</b>	148,134
<b>Expenses</b>						
Personnel costs	4	29,046	31,884	29,008	41,281	41,328
Depreciation and amortisation expense	15	41,945	33,767	42,036	44,047	45,143
Finance costs	3	8,279	8,136	6,977	8,351	7,059
Other expenses	5	84,633	73,189	77,195	75,704	67,177
<b>Total expenses</b>		<b>163,903</b>	<b>146,976</b>	155,216	<b>169,383</b>	160,707
<b>Surplus/(deficit) before tax</b>		<b>4,856</b>	<b>36,727</b>	(11,554)	<b>6,233</b>	(12,573)
Income tax expense	6	-	-	-	241	(481)
<b>Surplus/(deficit) after tax</b>		<b>4,856</b>	<b>36,727</b>	(11,554)	<b>5,992</b>	(12,092)
<b>Other comprehensive revenue and expense</b>						
<i>Items that could be reclassified to surplus/(deficit)</i>						
Net change in fair value of investment	20	1,402	-	7,934	1,402	-
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Revaluation on property, plant and equipment	20	245,232	2,912	98,685	245,232	102,846
Revaluation on intangibles	20	-	-	46	-	46
Prior Year Equity Correction		959	-	-	388	-
<b>Total other comprehensive income</b>		<b>247,593</b>	<b>2,912</b>	106,665	<b>247,022</b>	102,892
<b>Total comprehensive income</b>		<b>252,449</b>	<b>39,639</b>	95,111	<b>253,014</b>	90,800

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

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



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Council			Group	
		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	16,011	9,254	6,256	17,728	9,125
Receivables	8	19,456	13,283	16,037	19,441	14,529
Other financial assets	10	2,000	-	1,000	2,226	1,224
Inventories	11	96	-	89	821	851
Current tax receivables	6	61	-	62	87	95
Non-current assets held for sale	12	1,460	-	2,161	1,460	2,161
<b>Total current assets</b>		<b>39,084</b>	<b>22,537</b>	<b>25,605</b>	<b>41,763</b>	<b>27,985</b>
<b>Non-current assets</b>						
Shares in associates	9	76	-	22	76	22
Other financial assets:						
- Investment in CCO's and other similar entities	10	62,708	51,819	61,311	-	-
- Investment in other entities	10	4,924	5,661	4,043	4,924	4,043
Trade and other receivables	8	14,530	17,331	16,363	70	90
Property, plant and equipment	13	1,580,614	1,454,248	1,313,155	1,660,924	1,389,731
Work in progress	13	121,579	-	97,882	121,579	97,940
Intangible assets	14	1,941	5,269	2,556	2,000	2,736
<b>Total non-current assets</b>		<b>1,786,372</b>	<b>1,534,328</b>	<b>1,495,332</b>	<b>1,789,573</b>	<b>1,494,562</b>
<b>Total assets</b>		<b>1,825,456</b>	<b>1,556,865</b>	<b>1,520,937</b>	<b>1,831,336</b>	<b>1,522,547</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Borrowings	17	79,832	37,000	27,976	79,833	27,976
Employee entitlements	18	2,766	4,425	3,872	3,736	4,821
Provisions	19	18	19	18	30	29
Payables and deferred revenue	16	47,883	32,990	49,624	47,926	49,736
<b>Total current liabilities</b>		<b>130,499</b>	<b>74,434</b>	<b>81,490</b>	<b>131,513</b>	<b>82,562</b>
<b>Non-current liabilities</b>						
Borrowings	17	216,742	295,942	213,700	218,571	216,526
Employee entitlements	18	121	671	117	121	117
Provisions	19	1,877	2,255	1,862	1,877	1,862
Deferred tax liabilities	6	-	-	-	1,578	2,023
<b>Total non-current liabilities</b>		<b>218,740</b>	<b>298,868</b>	<b>215,679</b>	<b>222,147</b>	<b>220,528</b>
<b>Total liabilities</b>		<b>349,239</b>	<b>373,302</b>	<b>297,169</b>	<b>353,660</b>	<b>303,090</b>
<b>Net assets</b>		<b>1,476,217</b>	<b>1,183,563</b>	<b>1,223,768</b>	<b>1,477,676</b>	<b>1,219,457</b>
<b>EQUITY</b>						
Accumulated funds	20	717,044	791,396	718,834	721,152	719,861
Reserves	20	759,173	392,168	504,934	756,522	499,596
<b>Total equity attributable to the Entity</b>		<b>1,476,217</b>	<b>1,183,563</b>	<b>1,223,768</b>	<b>1,477,676</b>	<b>1,219,457</b>
<b>Total equity</b>		<b>1,476,217</b>	<b>1,183,563</b>	<b>1,223,768</b>	<b>1,477,676</b>	<b>1,219,457</b>

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 2022

Note	Council		Actual 2021 \$'000	Group	
	Actual 2022 \$'000	Budget 2022 \$'000		Actual 2022 \$'000	Actual 2021 \$'000
<b>Balance as at 1 July</b>	<b>1,223,768</b>	<b>1,143,924</b>	1,128,657	<b>1,219,457</b>	1,128,657
Surplus/(deficit) after tax	<b>4,856</b>	<b>36,727</b>	(11,554)	<b>5,992</b>	(12,092)
Other comprehensive revenue and expense	<b>247,593</b>	<b>2,912</b>	106,665	<b>247,022</b>	102,892
<b>Balance as at 30 June</b>	<b>1,476,217</b>	<b>1,183,563</b>	1,223,768	<b>1,477,676</b>	1,219,457

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

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2022

Note	Council		Actual 2021 \$'000	Group	
	Actual 2022 \$'000	Budget 2022 \$'000		Actual 2022 \$'000	Actual 2021 \$'000
<b>Cash flows from operating activities</b>					
<i>Inflows</i>					
Receipts from rates revenue*	108,313	111,811	100,260	108,090	100,232
Interest received	687	630	688	237	169
Dividends received	2	-	30	2	30
Receipts from other revenue*	36,235	61,716	36,903	42,607	42,550
<b>Total cash inflow from operating activities</b>	<b>145,237</b>	<b>174,157</b>	<b>137,881</b>	<b>150,936</b>	<b>142,981</b>
<i>Outflows</i>					
Payments to suppliers*	(67,058)	(80,557)	(67,964)	(57,866)	(58,094)
Payments to employees	(30,148)	(31,276)	(29,506)	(42,362)	(42,213)
Interest paid	(8,020)	(8,136)	(7,062)	(8,092)	(7,144)
Income tax paid	(1)	-	-	(678)	2
Goods and Services Tax (net)	(781)	-	(2,198)	(729)	(2,054)
<b>Total cash outflow from operating activities</b>	<b>(106,008)</b>	<b>(119,969)</b>	<b>(106,730)</b>	<b>(109,727)</b>	<b>(109,503)</b>
<b>Net cash from operating activities (note 26)</b>	<b>39,229</b>	<b>54,188</b>	<b>31,151</b>	<b>41,209</b>	<b>33,478</b>
<b>Cash flows from investing activities</b>					
<i>Inflows</i>					
Receipts from sale of property, plant, and equipment	192	-	670	374	715
Loan advances repaid	1,770	-	31	20	32
Receipts from sale of intangible assets	253	-	-	270	-
Proceeds from disposal of financial assets	-	-	320	-	320
<b>Total cash inflow from investing activities</b>	<b>2,215</b>	<b>-</b>	<b>1,021</b>	<b>664</b>	<b>1,067</b>
<i>Outflows</i>					
Purchase of property, plant and equipment	(84,657)	(145,960)	(65,798)	(86,630)	(67,143)
Purchase of intangible assets	-	-	(2,312)	(7)	(2,329)
Loan advances made	-	-	-	-	-
Purchase of financial assets	(1,930)	(1,302)	(2,750)	(535)	(2,224)
<b>Total cash outflow from investing activities</b>	<b>(86,587)</b>	<b>(147,262)</b>	<b>(70,860)</b>	<b>(87,172)</b>	<b>(71,696)</b>
<b>Net cash from investing activities</b>	<b>(84,372)</b>	<b>(147,262)</b>	<b>(69,839)</b>	<b>(86,508)</b>	<b>(70,629)</b>
<b>Cash flows from financing activities</b>					
<i>Inflows</i>					
Proceeds from borrowings	84,000	112,571	97,800	84,000	97,800
<i>Outflows</i>					
Repayment of borrowings	(29,102)	(20,000)	(84,300)	(29,927)	(85,225)
Payments of finance leases	-	-	(52)	(171)	(57)
<b>Total cash outflow from financing activities</b>	<b>(29,102)</b>	<b>(20,000)</b>	<b>(84,352)</b>	<b>(30,098)</b>	<b>(85,282)</b>
<b>Net cash from financing activities</b>	<b>54,898</b>	<b>92,571</b>	<b>13,448</b>	<b>53,902</b>	<b>12,518</b>



Note	Council		Group		
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>9,755</b>	<b>(503)</b>	<b>(25,240)</b>	<b>8,603</b>	<b>(24,633)</b>
Cash and cash equivalents at the beginning of the year	<u>6,256</u>	<u>9,757</u>	<u>31,496</u>	<u>9,125</u>	<u>33,758</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>7</b>	<b>16,011</b>	<b>6,256</b>	<b>17,728</b>	<b>9,125</b>

\* 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.

## RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Surplus/(deficit) after tax</b>	<b>4,856</b>	<b>(11,554)</b>	<b>5,992</b>	<b>(12,092)</b>
<b>Add/(less) non-cash items</b>				
Depreciation	41,507	41,571	43,452	44,401
Amortisation	360	465	473	742
Impairment of property, plant and equipment and intangible assets	418	1,675	418	1,675
Impairment of accounts receivable	293	647	299	703
Vested assets and assets recognised for the first time	(10,936)	-	(10,936)	-
Decrease in landfill aftercare provision	15	(345)	15	(345)
Decrease in weathertightness provision	-	-	-	(50)
Share of associate's surplus	(54)	128	(54)	128
(Gains)/losses in fair value on investments through surplus and deficit	-	(910)	-	(40)
<b>Total non-cash items</b>	<b>31,603</b>	<b>43,231</b>	<b>33,667</b>	<b>47,214</b>
<b>Add/(less) items classified as investing or financing activities</b>				
(Gains)/losses on disposal of property, plant, and equipment	9,134	5,241	9,135	5,280
<b>Total items classified as investing or financing activities</b>	<b>9,134</b>	<b>5,241</b>	<b>9,135</b>	<b>5,280</b>
<b>Add/(less) movements in working capital items</b>				
Receivables	(4,761)	(458)	(5,978)	(821)
Prepayments	1,229	(1,770)	1,242	(1,865)
Inventories	(7)	(8)	30	8
Payables and deferred revenue	(1,737)	(2,688)	(1,810)	(3,063)
Provision for taxation	(1)	-	8	2
Provisions	15	(345)	4	(300)
Employee benefits	(1,102)	(498)	(1,081)	(885)
<b>Net movement in working capital items</b>	<b>(6,364)</b>	<b>(5,767)</b>	<b>(7,585)</b>	<b>(6,924)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>39,229</b>	<b>31,151</b>	<b>41,209</b>	<b>33,478</b>

### 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 2022. The financial statements were authorised for issue by Council on 27 September 2023.

### 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

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.

Council has applied 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.

The Council and Group have revised their accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The policy has been applied retrospectively but no changes were required to be made in prior periods. For further details, please see note 14.

#### 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:

### **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 Long Term Plan 2021-2031. 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 the 30 June 2022 year, Council continued to exercise prudent social distancing practices and working from home measures where practicable to help prevent the spread of Covid-19. Essential services and business as usual services were maintained, as were efficiency and productivity levels.

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.

## 1.9 Three Waters Reform

In October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that Rotorua Lakes Council's participation in the proposed reform will be mandatory.

These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms, and will work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements.

Subsequently, on 2 June 2022, the Government introduced the Water Services Entities Bill in the House of Representatives. After the first reading on 9 June 2022 the Bill was referred to the Finance and Expenditure committee which is to report back to the House of Representatives by 11 November 2022.

The Water Services Entities Bill proposes to create four publicly owned water services entities that would take on responsibility for delivering water services to a specific geographical area, from 1 July 2024.

Further clarification of the transition to the new water services entities is expected to be released in legislation later in 2022 and 2023.

Rotorua's drinking water, wastewater and stormwater networks are currently owned and operated by Rotorua Lakes Council. High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty.



### 1.10 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 2022:

- 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.
- Note 8 provides information about the judgements applied in determining impairment of debtors.

### 1.11 Audit Completed Late

The Rotorua Lakes Council was required under section 98(4) of the Local Government Act 2022 to complete its audited financial statements and service performance information by 31 December 2022. This timeframe was not met because of staff changes and recruitment shortages and the consequential effects of COVID-19.

## 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
General rates	66,022	58,963	65,915	58,859
<b>Targeted rates attributable to activities:</b>				
Water, excluding water supply rates	6,081	5,706	6,081	5,706
Targeted water supply rates	4,644	5,371	4,644	5,371
Sewerage	18,991	18,650	18,991	18,650
Refuse and sanitation	6,904	5,838	6,904	5,838
Lakes enhancement rate	509	500	509	500
Eastern sewerage capital rates	661	743	661	743
Business development targeted rates	6,840	6,294	6,840	6,294
Urban sewerage development rates	68	64	68	64
Rates penalties	1,405	1,638	1,405	1,638
Less rates charges to Council properties	(2,449)	(2,384)	(2,449)	(2,384)
<b>Total rates, excluding targeted water supply rates</b>	<b>109,676</b>	<b>101,383</b>	<b>109,569</b>	<b>101,279</b>

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 2022 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Total gross rates	110,336	103,109	110,229	103,005
<b>Rates remissions:</b>				
- General rates remissions	180	1,185	180	1,185
- Targeted rates remissions	480	541	480	541
<b>Total remissions</b>	<b>660</b>	<b>1,726</b>	<b>660</b>	<b>1,726</b>
Rates (net of remissions)	<b>109,676</b>	<b>101,383</b>	<b>109,569</b>	<b>101,279</b>

## 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 2022 was 29,959 (2021: 29,837).

The total capital value of rating units within the district or region of Rotorua Lakes Council at 30 June 2022 was \$22,697,797,500 (2021: \$17,629,342,350).

The total land value of rating units within the district or region of Rotorua Lakes Council at 30 June 2022 was \$11,489,865,700 (2021: \$9,083,200,250).

## 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Waka Kotahi roading subsidies	8,294	9,821	8,294	9,821
Capital grants and subsidies	20,729	13,354	21,847	14,206
Other operating grants, subsidies and donations	1,704	2,047	1,706	2,050
<b>Total subsidies and grants</b>	<b>30,727</b>	<b>25,222</b>	<b>31,847</b>	<b>26,077</b>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2021 : \$Nil).

During the financial year ending 30 June 2022 Council has recognised grant revenue of \$6,051,000 (2021: \$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.

Financial contributions	1,071	669	1,071	669
<b>Total development and financial contributions</b>	<b>1,071</b>	<b>669</b>	<b>1,071</b>	<b>669</b>

## 2d Other revenue

### *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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Traffic and parking infringements	1,055	1,446	1,055	1,446
Rendering of services (other trading revenue)	3,486	3,775	8,501	8,594
Petrol Tax	581	624	581	624
Vested assets	7,130	-	8,030	-
Dividend income	2	30	2	30
Fees and charges	7,107	5,634	7,107	5,634
Lease and rental revenue	3,316	3,252	3,696	3,397
Other revenue	-	7	-	139
Gain on disposal of property, plant & equipment	26	-	26	14
Gain/(loss) on fair value of investments	89	932	89	62
Found Assets	3,806	-	3,806	-
<b>Total other revenue</b>	<b>26,598</b>	<b>15,700</b>	<b>32,893</b>	<b>19,940</b>

### 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.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Finance income</b>				
Interest income:				
- term and call deposits	687	688	236	169
<b>Total finance income</b>	<b>687</b>	<b>688</b>	<b>236</b>	<b>169</b>
<b>Finance costs</b>				
Interest expense:				
- interest on bank borrowings	8,279	6,977	8,351	7,059
<b>Total finance costs</b>	<b>8,279</b>	<b>6,977</b>	<b>8,351</b>	<b>7,059</b>
<b>Net finance costs</b>	<b>7,592</b>	<b>6,289</b>	<b>8,115</b>	<b>6,890</b>

### 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Salaries and wages	29,219	27,955	41,351	39,947
Defined contribution plan employer contributions	927	997	1,268	1,325
Increase/(decrease) in employee entitlements	(1,100)	(499)	(1,100)	(499)
Restructuring	-	555	-	555
<b>Total personnel costs</b>	<b>29,046</b>	<b>29,008</b>	<b>41,519</b>	<b>41,328</b>

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

During the year, Council made three severance payments to employees of \$44,025, \$30,000 and \$4,000 (2021 : nil)

*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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Fees to auditors				
- fees to Audit New Zealand for audit of the financial statements	180	168	180	168
- 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 debenture trust deed	7	6	7	6
- fees to Audit New Zealand for audit of the Council's subsidiaries' financial statements	-	-	99	87
- fees to Audit New Zealand for under provision of prior year audit fees	34	15	34	21
Grant and contributions	2,647	2,232	2,647	2,232
Contractors and physical works	43,081	39,628	24,222	18,741
Insurance premiums	2,248	1,934	2,311	2,002
Consultants and legal advice	6,471	6,291	7,543	6,950
Marketing and promotion	180	210	2,291	1,710
Energy	2,456	3,006	2,682	3,240
ACC	60	61	184	197
Bad debts written off	39	573	41	575
Elected member remuneration (incl. hearing fees)	1,030	1,005	1,030	1,005
Impairment of receivables	1,398	647	1,398	647
Loss on disposal of property, plant and equipment	9,160	5,241	9,162	5,294
Operating lease expense	276	320	752	742
Increase/(decrease) in landfill provision	15	(345)	15	(345)
Other expenditure	14,933	14,456	20,689	22,158
Impairment of property, plant and equipment	418	1,580	418	1,580
WIP Write-off - property, plant and equipment	-	61	-	61
<b>Total other expenses</b>	<b>84,633</b>	<b>77,195</b>	<b>75,704</b>	<b>67,177</b>

### 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Components of tax expense</b>				
Current tax expense	-	-	(241)	(481)
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	-	-	241	-
<b>Tax expense</b>	-	-	<b>(241)</b>	<b>(481)</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	4,856	(11,554)	6,233	(12,573)
Tax at 28%	1,360	(3,235)	1,745	(3,520)
Plus/(less) tax effect of:				
Non-taxable revenue	(1,507)	-	(2,445)	(37)
Non-deductible expenditure	-	3,534	171	3,784
Loss to carry forward	30	-	104	151
Tax loss not recognised	-	(299)	(101)	(688)
Group loss offset	117	-	-	-
Deferred tax on temporary differences	-	-	7	-
Deferred tax adjustment	-	-	278	(156)
Deferred tax not recognised	-	-	-	(15)
<b>Tax expense</b>	-	-	<b>(241)</b>	<b>(481)</b>
<b>Group Deferred tax assets/(liabilities)</b>				
	Property, plant and equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Tax losses \$'000
<b>Balance at 30 June 2020</b>	(928)	16	19	-
Charged to surplus or deficit	285	7	14	175
Charged to other comprehensive revenue and expense	(1,612)	-	-	-
<b>Balance at 30 June 2021</b>	<b>(2,255)</b>	23	33	175
Charged to surplus or deficit	(364)	(4)	(5)	132
Charged to other comprehensive revenue and expense	-	-	-	-
<b>30 June 2022</b>	<b>(2,619)</b>	19	28	307

A deferred tax asset has not been recognised in relation to the unused tax losses of Council of \$21,155,756 (2021: \$20,108,257), Group \$22,287,410 (2021: \$21,498,378).

The Group has unrecognised temporary tax differences of \$24,874 (2021: \$54,540).

## 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.

	<b>Council</b>		<b>Group</b>	
	<b>Actual</b>	Actual	<b>Actual</b>	Actual
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Cash at bank and on hand	<b>16,011</b>	6,256	<b>17,728</b>	9,125
<b>Total cash and cash equivalents</b>	<b>16,011</b>	6,256	<b>17,728</b>	9,125

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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Current receivables</b>				
Rates receivables	9,501	7,972	9,501	7,972
Other receivables	8,837	6,269	9,541	5,399
GST receivable	2,008	1,227	1,956	1,227
Loans to subsidiaries (refer Note 10)	1,000	937	1,000	-
Finance lease receivables	31	31	31	31
Prepayments	1,879	3,108	2,043	3,414
<b>Current gross receivables</b>	<b>23,256</b>	19,544	<b>24,201</b>	18,043
Provision for impairment of receivables	(3,800)	(3,507)	(3,800)	(3,514)
<b>Total current portion</b>	<b>19,456</b>	16,037	<b>19,441</b>	14,529
<b>Non-current portion receivables</b>				
Loans to subsidiaries (refer Note 10)	14,460	16,273	-	-
Finance lease receivables	70	90	70	90
<b>Total non-current portion</b>	<b>14,530</b>	16,363	<b>70</b>	90
<b>Total receivables</b>	<b>33,986</b>	32,400	<b>19,511</b>	14,619
<b>Total receivables comprise:</b>				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	14,087	9,466	14,202	9,467
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	19,899	22,934	5,309	5,152
	<b>33,986</b>	32,400	<b>19,511</b>	14,619

#### 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 Maori 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 (2021: \$Nil)
- Section 90B: \$Nil (2021: \$Nil)

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

The status of receivables as at 30 June 2022 and 2021 are detailed below:

	2022			2021		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
<b>Council</b>						
Not past due	26,518	-	26,518	26,548	-	26,548
Past due 1-60 days	2,076	(143)	1,933	2,305	(192)	2,113
Past due 61-120 days	302	(41)	261	111	(22)	89
Past due > 121 days	8,890	(3,616)	5,274	6,943	(3,293)	3,650
<b>Total</b>	<b>37,786</b>	<b>(3,800)</b>	<b>33,986</b>	<b>35,907</b>	<b>(3,507)</b>	<b>32,400</b>
<b>Group</b>						
Not past due	13,871	-	13,871	8,773	-	8,773
Past due 1-60 days	1,781	(143)	1,638	2,305	(192)	2,113
Past due 61-120 days	7,024	(537)	6,487	111	(22)	89
Past due > 121 days	635	(3,120)	(2,485)	6,944	(3,300)	3,644
<b>Total</b>	<b>23,311</b>	<b>(3,800)</b>	<b>19,511</b>	<b>18,133</b>	<b>(3,514)</b>	<b>14,619</b>

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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Individual impairment	565	572	565	572
Collective impairment	3,235	2,935	3,235	2,942
<b>Total provision for impairment</b>	<b>3,800</b>	<b>3,507</b>	<b>3,800</b>	<b>3,514</b>

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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Not past due	-	-	-	-
Past due 1-60 days	24	30	24	30
Past due 61-120 days	-	-	-	-
Past due > 121 days	542	542	542	542
<b>Total individual impairment</b>	<b>565</b>	<b>572</b>	<b>565</b>	<b>572</b>

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
As at 1 July	3,507	2,806	3,514	2,811
Additional provisions made during the year	284	1,268	284	1,275
Provisions reversed during the year	(195)	(83)	(195)	(83)
Receivables written-off during the period	205	(484)	198	(489)
<b>At 30 June</b>	<b>3,800</b>	<b>3,507</b>	<b>3,800</b>	<b>3,514</b>

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

### 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Mountain Bike Events Limited	76	22	76	22
Pukaki Trust	-	-	-	-
Rotorua Museum Centennial Trust	-	-	-	-
<b>Total associates</b>	<b>76</b>	<b>22</b>	<b>76</b>	<b>22</b>

#### *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.

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 Whakaue 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.



## 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 (2021: 2.5%). 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Current portion</b>				
Term deposits	2,000	1,000	2,226	1,224
<b>Total current portion</b>	<b>2,000</b>	<b>1,000</b>	<b>2,226</b>	<b>1,224</b>
<b>Investment in CCO's and other similar entities:</b>				
Unlisted shares Rotorua Regional Airport Limited	59,031	58,544	-	-
Unlisted shares Rotorua Economic Development Limited	187	431	-	-
Unlisted shares InfraCore Limited	3,490	2,336	-	-
	<b>62,708</b>	<b>61,311</b>	<b>-</b>	<b>-</b>
<b>Investment in other entities:</b>				
Unlisted shares Waikato Local Authority Shared Services Limited	122	88	122	88
Unlisted shares BOP Local Authority Shared Services Limited	8	7	8	7
Unlisted shares Civic Financial Services Limited	175	169	175	169
Borrower notes	4,619	3,779	4,619	3,779
	<b>4,924</b>	<b>4,043</b>	<b>4,924</b>	<b>4,043</b>
Total non-current portion	<b>67,632</b>	<b>65,354</b>	<b>4,924</b>	<b>4,043</b>
<b>Total other financial assets</b>	<b>69,632</b>	<b>66,354</b>	<b>7,150</b>	<b>5,267</b>

#### Fair value

##### Subsidiaries

Number of shares

##### Cost Price

Book value as at 1 July 2020

Revaluation gain/(loss) through other comprehensive revenue and expense

Acquisition/(disposal) of shares

Revaluation gain/(loss) through Surplus/(Deficit)

**Book value as at 30 June 2021**

Book value as at 1 July 2021

Revaluation gain/(loss) through other comprehensive revenue and expense

Acquisition/(disposal) of shares

Revaluation gain/(loss) through Surplus/(Deficit)

**Book value as at 30 June 2022**

##### Other financial assets

Number of shares

##### Cost Price

Book value as at 1 July 2020

Revaluation gain/(loss) through other comprehensive revenue and expense

Acquisition/(disposal) of shares

Revaluation gain/(loss) through Surplus/(Deficit)

**Book value as at 30 June 2021**

Book value as at 1 July 2021

Revaluation gain/(loss) through other comprehensive revenue and expense

Acquisition/(disposal) of shares

Revaluation gain/(loss) through Surplus/(Deficit)

**Book value as at 30 June 2022**

	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 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
<b>Book value as at 30 June 2021</b>	<b>58,544,407</b>	<b>431,380</b>	<b>2,336,281</b>
Book value as at 1 July 2021	58,544,407	431,380	2,336,281
Revaluation gain/(loss) through other comprehensive revenue and expense	486,476	(243,904)	1,153,532
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	-	-	-
<b>Book value as at 30 June 2022</b>	<b>59,030,883</b>	<b>187,476</b>	<b>3,489,813</b>
	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 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
<b>Book value as at 30 June 2021</b>	<b>88,380</b>	<b>7,391</b>	<b>169,221</b>
Book value as at 1 July 2021	88,380	7,391	169,221
Revaluation gain/(loss) through other comprehensive revenue and expense	-	-	5,638
Acquisition/(disposal) of shares	-	-	-
Revaluation gain/(loss) through Surplus/(Deficit)	33,849	1,007	-
<b>Book value as at 30 June 2022</b>	<b>122,229</b>	<b>8,398</b>	<b>174,859</b>

## 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 \$202,533.83 excl GST per month. Rotorua Regional Airport Limited also has a loan from Council for the sum of \$14,550,000 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 quarterly funding of \$351,666 (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 \$910,000 pursuant to the loan agreement dated 22 June 2016.

#### *Kauae Cemetery Trust Board*

Kauae Cemetery Trust Board was formed by a Maori 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 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 \$174,859 (2021: \$169,221). 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 \$5,638 (2021: \$5,779). 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 \$5,638 was recognised through Other Comprehensive Revenue & Expense this year (2021: gain of \$5,779 recognised through Surplus/(Deficit)).

### *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 \$122,229 (2021: \$88,380). 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 \$33,849 (2021: \$31,402). 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 \$33,849 was recognised through surplus/deficit this year (2021: \$31,402).

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 \$8,398 (2021: \$7,391). 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 \$1,007 (2021: \$2,584). The Council holds 5 ordinary shares.

Council makes an annual contribution to the operating costs of BOP LASS Ltd. The gain of \$1,007 (2021: \$2,584) 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 \$34,856 (2021: \$910,047) has been recognised in the surplus/deficit of the Statement of Comprehensive Revenue and Expense. This related to investment in subsidiaries and other entities.



### 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.

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2022 \$'000</b>	Actual 2021 \$'000	<b>Actual 2022 \$'000</b>	Actual 2021 \$'000
<b>Non-commercial inventory:</b>				
Water and sewerage reticulation spare parts	44	36	341	319
Other	14	15	14	15
Total non-commercial inventory	<u>58</u>	51	<u>355</u>	<u>334</u>
<b>Commercial inventory:</b>				
Nursery store	9	8	340	388
Museum retail stock	29	30	29	30
Other	-	-	97	99
Total commercial inventory	<u>38</u>	38	<u>466</u>	<u>517</u>
<b>Total inventories</b>	<u>96</u>	89	<u>821</u>	<u>851</u>

No inventories are pledged as security for liabilities (2021: \$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 2022 amounted to \$58,000 (2021: \$51,000).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2021: \$Nil). There have been no reversals of previous write-downs (2021: \$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 (2021: \$Nil). There have been no reversals of write-downs (2021: \$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 increases 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 2022, 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Non-current assets held for sale are:				
Land	1,460	516	1,460	516
Buildings	-	1,645	-	1,645
<b>Total non-current assets held for sale</b>	<b>1,460</b>	<b>2,161</b>	<b>1,460</b>	<b>2,161</b>

## 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 restriction 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 and restricted), 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.

The expected lives of major classes of assets are:

<b>Buildings</b>	
Structure	10 - 93 years
Services	20 - 50 years
Fit-out	5 - 40 years
Site specific	2 - 20 years
Plant and equipment	1 - 107 years
Parks and reserves	3 - 100 years
<b>Airport Assets</b>	
Runway, Taxiways, Aprons	5 - 42 years
Other paved areas	10 - 42 years
Surround security fences	10 years
Landfill improvements	18 - 100 years
<b>Roads and footpaths</b>	
Seals - first coat and base	80 years
Seal - second coat	20 years
Footpaths	10 - 100 years
Streetlights (Poles, Brackets & Lamps)	30 years
Bridges	70 - 100 years
<b>Water</b>	
Treatment plants & facilities	5 - 100 years
Water and reticulation (other assets)	10 - 130 years
<b>Sewage system</b>	
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 and equipment rather than as investment property.

Council 2022	Cost / revaluation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Infrastructur al Assets transferred to Council \$'000	Assets transferred (to)/from held for sale \$'000
<b>Operational assets</b>							
Land	72,151	-	72,151	-	-	-	-
Buildings	169,606	(19,821)	149,785	-	4,482	-	-
Library books	5,871	(2,729)	3,142	-	-	-	-
Motor vehicles	2,921	(1,244)	1,677	-	905	-	-
Art collections	26,688	(143)	26,544	-	-	-	-
Plant and equipment	28,117	(21,144)	6,973	-	2,410	-	-
<b>Total operational assets</b>	<b>305,354</b>	<b>(45,081)</b>	<b>260,272</b>	-	<b>7,797</b>	-	-
<b>Infrastructural assets</b>							
Land	114	-	114	-	-	-	-
Parks and reserves	31,909	(5,193)	26,716	-	35,645	-	-
Recreational forests	1,895	-	1,895	-	-	-	-
Roading and footpaths	387,414	(14,731)	372,683	-	17,268	-	-
Sewerage - treatment plant and facilities	62,578	(1,629)	60,949	-	1,892	-	-
Sewerage - other	166,372	(3,788)	162,584	-	2,403	-	-
Water - treatment plant and facilities	39,998	(1,618)	38,380	-	700	-	-
Water - other	107,897	(5,037)	102,860	-	4,287	-	-
Stormwater	116,622	(5,155)	111,467	-	3,982	-	-
Land under roads	46,723	-	46,723	-	-	-	-
<b>Total infrastructural assets</b>	<b>961,522</b>	<b>(37,151)</b>	<b>924,372</b>	-	<b>66,177</b>	-	-
<b>Restricted assets</b>							
Airport	771	(507)	264	-	-	-	-
Land	123,229	-	123,229	-	-	-	-
Landfill	5,195	(177)	5,018	-	92	-	-
<b>Total restricted assets</b>	<b>129,195</b>	<b>(684)</b>	<b>128,511</b>	-	<b>92</b>	-	-
<b>Total Council</b>	<b>1,396,071</b>	<b>(82,916)</b>	<b>1,313,155</b>	-	<b>74,066</b>	-	-



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus / depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost / revaluation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
-	-	-	-	(8,906)	(746)	62,499	-	62,499
6	(1,424)	(410)	(8,949)	39,718	-	183,208	-	183,208
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(167)	-	(615)	-	-	3,199	(1,399)	1,800
-	-	-	-	-	-	26,688	(143)	26,544
13	(4)	-	(2,236)	-	-	30,147	(22,991)	7,157
<b>19</b>	<b>(1,595)</b>	<b>(410)</b>	<b>(11,800)</b>	<b>30,812</b>	<b>(746)</b>	<b>311,612</b>	<b>(27,263)</b>	<b>284,350</b>
-	-	-	-	748	-	862	-	862
281	(552)	(8)	(2,579)	5,606	-	65,109	-	65,109
-	-	-	-	-	-	1,895	-	1,895
(92)	(3,610)	-	(14,291)	77,556	-	455,236	(5,722)	449,514
-	(286)	-	(2,872)	-	-	64,184	(4,501)	59,683
55	(1,545)	-	(3,754)	32,770	-	192,513	-	192,513
-	(4)	-	(787)	-	-	40,694	(2,405)	38,289
-	(429)	-	(2,503)	15,070	-	119,284	-	119,284
(316)	(1,254)	-	(2,784)	35,539	-	147,434	(800)	146,634
-	-	-	-	-	-	46,723	-	46,723
<b>(72)</b>	<b>(7,680)</b>	<b>(8)</b>	<b>(29,571)</b>	<b>167,289</b>	<b>-</b>	<b>1,133,935</b>	<b>(13,428)</b>	<b>1,120,507</b>
-	-	-	-	-	-	771	(507)	264
-	-	-	-	47,104	-	170,333	-	170,333
52	(51)	-	(136)	188	-	5,204	(43)	5,160
<b>52</b>	<b>(51)</b>	<b>-</b>	<b>(136)</b>	<b>47,292</b>	<b>-</b>	<b>176,308</b>	<b>(550)</b>	<b>175,757</b>
<b>(1)</b>	<b>(9,326)</b>	<b>(418)</b>	<b>(41,507)</b>	<b>245,393</b>	<b>(746)</b>	<b>1,621,855</b>	<b>(41,241)</b>	<b>1,580,614</b>

Council 2021	Cost / revaluation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Infrastructur al Assets transferred to Council \$'000	Assets transferred (to)/from held for sale \$'000
<b>Operational assets</b>							
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)
<b>Total operational assets</b>	<b>289,661</b>	<b>(32,214)</b>	<b>257,447</b>	<b>-</b>	<b>6,925</b>	<b>-</b>	<b>(1,122)</b>
<b>Infrastructure assets</b>							
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	-	-	-	-
<b>Total infrastructural assets</b>	<b>883,013</b>	<b>(33,078)</b>	<b>849,935</b>	<b>-</b>	<b>35,776</b>	<b>-</b>	<b>(208)</b>
<b>Restricted assets</b>							
Airport	771	(507)	264	-	-	-	-
Land	103,528	-	103,528	-	-	-	-
Landfill	11,808	(273)	11,535	-	6	-	-
<b>Total restricted assets</b>	<b>116,107</b>	<b>(780)</b>	<b>115,327</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Total Council</b>	<b>1,288,781</b>	<b>(66,072)</b>	<b>1,222,709</b>	<b>-</b>	<b>42,707</b>	<b>-</b>	<b>(1,330)</b>





Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus / depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost / revaluation 30 Jun 2021 \$'000	Accumulated depreciation & impairment charges 30 Jun 2019 \$'000	Carrying amount 30 Jun 2021 \$'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
<b>(534)</b>	<b>(800)</b>	<b>(2,065)</b>	<b>(11,112)</b>	<b>11,535</b>	<b>-</b>	<b>305,354</b>	<b>(45,081)</b>	<b>260,272</b>
-	-	-	-	18	-	114	-	114
5,429	(437)	(44)	(2,475)	(2)	-	31,909	(5,193)	26,716
(1,198)	(1,854)	-	(15,265)	39,912	-	1,895	-	1,895
-	-	-	-	-	-	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
<b>234</b>	<b>(5,111)</b>	<b>(84)</b>	<b>(30,282)</b>	<b>74,111</b>	<b>-</b>	<b>961,522</b>	<b>(37,151)</b>	<b>924,372</b>
-	-	-	-	-	-	771	(507)	264
-	-	-	-	19,701	-	123,229	-	123,229
7	-	-	(177)	(6,353)	-	5,195	(177)	5,018
<b>(7)</b>	<b>-</b>	<b>-</b>	<b>(177)</b>	<b>13,348</b>	<b>-</b>	<b>129,195</b>	<b>(684)</b>	<b>128,511</b>
<b>(293)</b>	<b>(5,911)</b>	<b>(2,149)</b>	<b>(41,571)</b>	<b>98,994</b>	<b>-</b>	<b>1,396,071</b>	<b>(82,916)</b>	<b>1,313,155</b>

Group 2022	Cost / revaluation 1 Jul 2021 \$'000	Accumulated depreciation and impairment charges 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Transfers from capital work in progress \$'000	Infrastructur al Assets transferred to Council \$'000	Assets transferred (to)/from held for sale \$'000
<b>Operating assets</b>							
Land	72,151	-	72,151	-	-	-	-
Buildings	190,439	(20,760)	169,679	1,231	4,482	-	-
Library books	5,871	(2,729)	3,142	-	-	-	-
Motor vehicles	7,246	(3,325)	3,921	169	905	-	-
Art collections	26,688	(143)	26,545	-	-	-	-
Plant and equipment	31,439	(23,011)	8,428	545	2,410	-	-
<b>Total</b>	<b>333,834</b>	<b>(49,968)</b>	<b>283,866</b>	<b>1,945</b>	<b>7,797</b>	-	-
<b>Infrastructural assets</b>							
Land	24,849	-	24,849	-	-	-	-
Parks and reserves	31,909	(5,193)	26,716	-	35,645	-	-
Recreational forests	1,895	-	1,895	-	-	-	-
Roading and footpaths	387,414	(14,731)	372,683	-	17,268	-	-
Sewerage: treatment and plant facilities	62,578	(1,629)	60,949	-	1,892	-	-
Sewerage: other	166,372	(3,788)	162,584	-	2,403	-	-
Water: treatment plant and facilities	39,998	(1,618)	38,380	-	700	-	-
Water: other	107,897	(5,037)	102,860	-	4,287	-	-
Stormwater	116,622	(5,155)	111,467	-	3,982	-	-
Land under roads	46,723	-	46,723	-	-	-	-
<b>Total</b>	<b>986,257</b>	<b>(37,151)</b>	<b>949,106</b>	-	<b>66,177</b>	-	-
<b>Restricted assets</b>							
Airport	28,514	(507)	28,007	14,463	-	-	-
Land	123,734	-	123,734	-	-	-	-
Landfill	5,195	(177)	5,018	-	92	-	-
<b>Total</b>	<b>157,443</b>	<b>(684)</b>	<b>156,759</b>	<b>14</b>	<b>92</b>	-	-
<b>Total Group</b>	<b>1,477,534</b>	<b>(87,803)</b>	<b>1,389,731</b>	<b>1,959</b>	<b>74,066</b>	-	-



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus / depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost / revaluation 30 Jun 2022 \$'000	Accumulated depreciation and impairment charges 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
-	-	-	-	(8,906)	-	62,499	-	62,499
6	(1,424)	(410)	(9,454)	41,722	-	207,182	(1,443)	205,739
-	-	-	-	-	-	5,871	(2,729)	3,142
-	(206)	15	(849)	-	-	8,114	(4,174)	3,941
-	-	-	-	-	-	26,688	(143)	26,545
13	(147)	135	(2,470)	-	-	34,260	(25,481)	8,779
<b>19</b>	<b>(1,777)</b>	<b>(410)</b>	<b>(12,771)</b>	<b>32,816</b>	<b>-</b>	<b>344,614</b>	<b>(33,969)</b>	<b>310,645</b>
-	-	-	-	748	-	25,597	-	25,597
281	(552)	(8)	(2,579)	5,606	-	65,109	-	65,109
-	-	-	-	-	-	1,895	-	1,895
(92)	(3,610)	-	(14,291)	77,556	-	455,236	(5,722)	449,514
55	(286)	-	(2,872)	-	-	64,184	(4,501)	59,683
-	(1,545)	-	(3,754)	32,770	-	192,513	-	192,513
-	(4)	-	(787)	-	-	40,694	(2,405)	38,289
-	(429)	-	(2,503)	15,070	-	119,285	-	119,285
(316)	(1,254)	-	(2,784)	35,539	-	147,43	(800)	146,634
-	-	-	-	-	-	4,46,723	-	46,723
<b>(72)</b>	<b>(7,680)</b>	<b>(8)</b>	<b>(29,570)</b>	<b>167,289</b>	<b>-</b>	<b>1,158,671</b>	<b>(13,428)</b>	<b>1,145,242</b>
-	-	-	(975)	-	-	27,553	(1,482)	29,036
-	-	-	-	47,104	-	170,838	-	170,838
52	(52)	-	(136)	188	-	5,299	(136)	5,163
<b>52</b>	<b>(51)</b>	<b>-</b>	<b>(1,111)</b>	<b>47,292</b>	<b>-</b>	<b>203,690</b>	<b>(1,618)</b>	<b>205,036</b>
<b>(1)</b>	<b>(9,507)</b>	<b>(418)</b>	<b>(43,452)</b>	<b>247,397</b>	<b>(746)</b>	<b>1,712,492</b>	<b>(49,015)</b>	<b>1,660,924</b>

Group 2021	Cost / revaluation 1 Jul 2020 \$'000	Accumulated depreciation and impairment charges 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'000	Current year additions \$'000	Transfers from capital works in progress \$'000	Infrastructur al Assets transferred to Council \$'000	Assets transferred (to)/from held for sale \$'000
<b>Operational assets</b>							
Land	60,661	(44)	60,617	-	-	-	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)
<b>Total operational assets</b>	<b>317,069</b>	<b>(36,251)</b>	<b>280,818</b>	<b>1,265</b>	<b>6,925</b>	<b>-</b>	<b>(1,122)</b>
<b>Infrastructural assets</b>							
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	-	-	-	-
<b>Total</b>	<b>907,748</b>	<b>(33,078)</b>	<b>874,670</b>	<b>-</b>	<b>35,776</b>	<b>-</b>	<b>(208)</b>
<b>Restricted assets</b>							
Airport	26,384	(2,331)	24,053	23	-	-	-
Land	104,033	-	104,033	-	-	-	-
Landfill	11,816	(281)	11,535	-	6	-	-
<b>Total</b>	<b>142,233</b>	<b>(2,612)</b>	<b>139,621</b>	<b>23</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Total Group</b>	<b>1,367,050</b>	<b>(71,941)</b>	<b>1,295,109</b>	<b>1,288</b>	<b>42,707</b>	<b>-</b>	<b>(1,330)</b>



Other transfers \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Current year depreciation \$'000	Revaluation surplus / depreciation write back \$'000	Other cost & depreciation movements \$'000	Cost / revaluation 30 Jun 2021 \$'000	Accumulated depreciation & impairment charges 30 Jun 2019 \$'000	Carrying amount 30 Jun 2021 \$'000
-	(361)	-	-	11,535	-	72,151	(44)	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
<b>(534)</b>	<b>(884)</b>	<b>(2,065)</b>	<b>(12,117)</b>	<b>11,535</b>	<b>-</b>	<b>333,834</b>	<b>(50,012)</b>	<b>283,866</b>
-	-	-	-	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
<b>234</b>	<b>(5,111)</b>	<b>(84)</b>	<b>(30,282)</b>	<b>74,111</b>	<b>-</b>	<b>986,257</b>	<b>(37,151)</b>	<b>949,106</b>
-	-	-	(1,825)	5,757	-	28,514	(507)	28,007
-	-	-	-	19,701	-	123,734	-	123,734
7	-	-	(177)	(6,353)	-	5,195	(177)	5,018
<b>7</b>	<b>-</b>	<b>-</b>	<b>(2,002)</b>	<b>19,105</b>	<b>-</b>	<b>157,443</b>	<b>(684)</b>	<b>156,759</b>
<b>(293)</b>	<b>(5,995)</b>	<b>(2,149)</b>	<b>(44,401)</b>	<b>104,751</b>	<b>-</b>	<b>1,477,534</b>	<b>(87,847)</b>	<b>1,389,731</b>

**Core infrastructure asset disclosures****Council 2022**

	Last Valuation Date	Replacement Cost 2022* \$'000	Replacement Cost 2021 \$'000
Water supply:			
– treatment plants and facilities	2021	21,218	17,920
– other assets (such as reticulation systems)	2021	300,067	264,432
Sewerage:			
– treatment plants and facilities	2021	96,325	126,133
– other assets (such as reticulation systems)	2020	43,694	296,786
Stormwater drainage	2022	220,005	227,808
Roads and footpaths	2022	827,920	658,547

\*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 30 June 2022.

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.

**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 30 June 2022..

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.

**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: 31 March 2022
- Roothing network: 31 March 2022
- Parks and reserves assets: 30 June 2022
- Landfill assets: 30 June 2022

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

Further, a fair value assessment as at 30 June 2022 was performed in-house, applying available price indices. This was peer reviewed by Beca Valuations Limited".

### **Airport**

An independent valuation of the Airport assets was performed by Beca Projects NZ Limited to determine the fair value of the assets as at 30 June 2021. A revaluation surplus net of deferred tax of \$4,144,884 was credited to other comprehensive revenue and expense in the 30 June 2021 financial year.

### **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 \$418,039 (2021: \$1,579,964) 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'.

### **Forestry assets**

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

- Tutukau Road - this stand measures 10.0 hectares of Pinus Radiata with a current age of 21 years.
- Near the Rotorua Landfill - measures 2.4 hectares of Pinus Radiata which was felled in November 2020. Replanting of native seedlings occurred in July/August 2022.
- Great West Road spring reserve - 2.5 hectares of Pinus Radiata with a current age of 3 years.
- Hill Road spring reserve - measures 1.6 hectares of Pinus Radiata forest with a current age of 33 years.
- Reservoir Road spring reserve - measures 7.6 hectares of Pinus Radiata forest with a current age of 20 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 8 to 119 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Operational assets</b>			-	-
Land	294	267	294	267
Buildings	42,607	23,883	42,607	23,941
Motor vehicles	26	119	26	119
Art collections	682	759	682	759
Plant and equipment	2,438	585	2,438	585
<b>Infrastructural assets</b>			-	-
Parks and reserves	10,737	25,945	10,737	25,945
Roading and footpaths	11,984	17,301	11,984	17,301
Sewerage - treatment plant facilities	14,655	12,501	14,655	12,501
Sewerage- other	10,077	2,308	10,077	2,308
Stormwater	13,394	3,479	13,394	3,479
Water - treatment plant facilities	5,716	5,303	5,716	5,303
<b>Restricted Assets</b>			-	-
Landfill	-	2	-	2
<b>Intangibles</b>			-	-
Computer software	8,969	5,430	8,969	5,430
<b>Total work in progress</b>	<b>121,579</b>	<b>97,882</b>	<b>121,579</b>	<b>97,940</b>

### Leasing

The net carrying amount of plant and equipment held under financing leases is \$Nil (2021: \$Nil).

### Security

No tangible assets are pledged as security for liabilities.



**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
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### Software as a Service (SaaS)

In April 2021, the IFRS Interpretations Committee (IFRIC), a committee supporting profit-oriented reporting, published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for. The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard specifically dealing with such costs, management considers the IFRIC decision relevant to the accounting for similar types of arrangements of the group in accordance with PBE IPSAS 31 Intangible assets. The group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The IFRIC concluded where SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement, can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier(s) of the cloud-based software and/or to the supplier's agent, to significantly customise the cloud-based software for the group, in which case, the costs paid upfront may be recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangement.

At 30 June 2022 Council have assessed their software vales and costs and applied the new accounting policy, resulting in the transfer from intangibles to expense of \$73,358 in respect of PayGlobal payroll software. No other Council software previously classified as intangible has been assessed to be SaaS. OneCouncil ERP software currently live and in progress is not SaaS as Council is using the on premise version of this software and will continue to do so for the foreseeable future.

Cost	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
<b>Balance as at 1 July 2021</b>	<b>95</b>	<b>10,423</b>	<b>173</b>	<b>10,690</b>	<b>11,639</b>
Additions from internal development	-	-	-	-	-
Other transfers	-	-	-	-	-
Additions acquired separately	-	-	-	-	10
Revaluations	-	-	-	-	-
Disposals	-	(254)	-	(254)	(270)
<b>Balance as at 30 June 2022</b>	<b>95</b>	<b>10,169</b>	<b>173</b>	<b>10,436</b>	<b>11,379</b>
Cost	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
Balance as at 1 July 2020	95	10,421	127	10,643	11,572
Additions from internal development	-	-	-	-	-
Other transfers	-	-	-	-	-
Additions acquired separately	-	2	-	2	21
Revaluations	-	-	46	46	46
Disposals	-	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>95</b>	<b>10,423</b>	<b>173</b>	<b>10,691</b>	<b>11,639</b>

Accumulated amortisation and impairment	Goodwill \$'000	Computer software \$'000	Carbon credits \$'000	Total Council \$'000	Total Group \$'000
<b>Balance as at 1 July 2021</b>	(95)	<b>(8,040)</b>	-	<b>(8,135)</b>	(8,903)
Amortisation charge	-	(360)	-	(360)	(473)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>(95)</b>	<b>(8,400)</b>	-	<b>(8,495)</b>	<b>(9,376)</b>
<b>Accumulated amortisation and impairment</b>					
	-		-		
<b>Balance as at 1 July 2020</b>	-	7,575	-	7,575	8,066
Amortisation charge	-	465	-	465	742
Disposals	-	-	-	-	-
Impairment	(95)	-	-	(95)	(95)
<b>Balance as at 30 June 2021</b>	<b>(95)</b>	<b>8,040</b>	-	<b>8,135</b>	<b>8,903</b>
<b>Carrying amounts</b>					
<b>As at 30 June 2021</b>	-	<b>2,384</b>	<b>172</b>	<b>2,556</b>	<b>2,736</b>
<b>As at 30 June 2022</b>	-	<b>1,769</b>	<b>172</b>	<b>1,941</b>	<b>2,001</b>

### Carbon credits

As at 30 June 2022 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 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 was impaired to nil in the 2021 financial 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Directly attributable depreciation and amortisation expense by group of activity</b>				
Arts and Culture	-	3,099	-	3,099
Community Leadership	5,929	5,051	8,034	8,158
Community Wellbeing	8,076	-	8,076	-
Planning and Regulatory	-	42	-	42
District Development	99	58	99	58
Sport, Recreation and Environment	-	4,916	-	4,916
Roads and Footpaths	14,761	15,895	14,761	15,895
Sewerage and Sewage	6,767	6,790	6,767	6,790
Stormwater and Land Drainage	2,790	2,577	2,790	2,577
Waste Management	139	183	139	183
Water Supplies	3,384	3,425	3,384	3,425
Total directly attributable depreciation and amortisation by group of activity	41,945	42,036	44,050	45,143
Depreciation and amortisation not directly related to group of activities	-	-	-	-
<b>Total depreciation and amortisation expense</b>	<b>41,945</b>	<b>42,036</b>	<b>44,050</b>	<b>45,143</b>

## 16 PAYABLES AND DEFERRED REVENUE

### Accounting Policy

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

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Exchange - current portion</b>				
Trade payables and accrued expenses	16,138	10,778	17,880	12,368
Deposits and bonds	192	216	192	216
Accrued interest	1,658	1,399	1,658	1,399
Amounts due to subsidiaries and associates	1,935	1,616	-	101
Retentions accrued for contract work	1,467	1,414	1,467	1,414
Other payables	-	-	-	2
Metered water and revenue received in advance	704	883	704	1,005
<b>Total payables under exchange transactions</b>	<b>22,094</b>	<b>16,306</b>	<b>21,901</b>	<b>16,505</b>
<b>Non-exchange - current portion</b>				
Trade payables and accrued expenses	-	659	9	668
Deposits and bonds	835	823	835	823
Revenue received in advance	22	18	27	18
Rates received in advance (excluding metered water)	3,254	2,909	3,254	2,909
Grants received in advance	525	4,736	525	4,152
Other payables	5,540	4,102	5,540	4,102
Deferred grant revenue	15,614	20,036	15,614	20,036
Taxes payable	-	33	221	521
<b>Total payables under non-exchange transactions</b>	<b>25,790</b>	<b>33,316</b>	<b>26,025</b>	<b>33,229</b>
<b>Total payables and deferred revenue - current portion</b>	<b>47,884</b>	<b>49,622</b>	<b>47,926</b>	<b>49,734</b>

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.

As at 30 June 2022, all grant funding received from the Department of Internal Affairs under the Three Waters Stimulus Programme has been spent (as at 30 June 2021: \$4,600,000 was received but unspent).

## 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Current portion</b>				
Bank facilities	-	5,000	-	5,000
LGFA borrowings	69,873	22,810	69,873	22,810
Registered debenture stock	9,959	-	10,959	-
Other loans	-	166	1,000	166
<b>Total current portion</b>	<b>79,832</b>	<b>27,976</b>	<b>81,832</b>	<b>27,976</b>
<b>Non-current portion</b>				
Bank facilities	-	-	-	-
LGFA borrowings	216,742	203,700	216,742	203,700
Registered debenture stock	-	10,000	-	10,000
Other loans	-	-	829	2,826
<b>Total non-current portion</b>	<b>216,742</b>	<b>213,700</b>	<b>217,571</b>	<b>216,526</b>
<b>Total borrowings</b>	<b>296,574</b>	<b>241,676</b>	<b>299,403</b>	<b>244,502</b>
<b>Fair values of non-current borrowings</b>				
LGFA borrowings	216,700	203,700	216,700	203,700
Registered debenture stock	-	10,000	-	10,000
Other loans	-	-	829	2,826
<b>Total</b>	<b>216,700</b>	<b>213,700</b>	<b>217,529</b>	<b>216,526</b>

### LGFA borrowings

Borrowing from the Local Government Funding Agency (LGFA) of \$236,573,300 (2021: \$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 (2021: \$50,000,000) 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 \$9,959,000 (2021: \$10,000,000) is at fixed interest rates for the term of the stock. Debenture stock of \$Nil (2021: \$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.

	Limit	2022	2021
<b>Treasury Policy compliance ratios</b>			
Net Debt / Total Revenue	<300%	178.10%	162.35%
Net Interest / Total Revenue	<20%	4.46%	4.43%
Net Interest / Annual Rates Income	<30%	6.26%	6.20%
Liquidity [a]*	>110%	116.19%	115.42%
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% (2021: 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, 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Current portion</b>				
Payroll payables	163	1,405	230	1,501
Accrued Pay	286	172	286	172
Accrued leave	2,329	2,310	3,222	3,153
Long service leave	-	-	10	10
Employee loans	(12)	(15)	(12)	(15)
<b>Total current portion</b>	<b>2,766</b>	<b>3,872</b>	<b>3,736</b>	<b>4,821</b>
<b>Non-current portion</b>				
Long service leave	58	57	58	57
Retirement gratuities	63	60	63	60
<b>Total non-current portion</b>	<b>121</b>	<b>117</b>	<b>121</b>	<b>117</b>
<b>Total employee entitlements</b>	<b>2,887</b>	<b>3,989</b>	<b>3,816</b>	<b>4,938</b>

## 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Current provisions are represented by:</b>				
ACC Accredited Employers Programme	-	-	12	11
Weather-tightness claims	18	18	18	18
<b>Total current provisions</b>	<b>18</b>	<b>18</b>	<b>30</b>	<b>29</b>
<b>Non-current provisions are represented by:</b>				
Landfill aftercare provision	1,808	1,793	1,808	1,793
Provision for refund of rates	69	69	69	69
<b>Total non-current provisions</b>	<b>1,877</b>	<b>1,862</b>	<b>1,877</b>	<b>1,862</b>
<b>Total provisions</b>	<b>1,895</b>	<b>1,880</b>	<b>1,907</b>	<b>1,891</b>

Movements for each class of provisions are as follows:

Movement in current provisions	Weather-tightness claims \$'000	Landfill aftercare \$'000	Refund of rates \$'000	ACC accreditation \$'000	Total \$'000
<b>Council and Group 2022</b>					
Balance at 1 July 2021	18	1,793	69	11	1,891
Additional provisions made during the year	-	-	-	-	-
Change in provision	-	15	-	-	15
Unused amounts reversed	-	-	-	-	-
Discount unwinding	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>18</b>	<b>1,808</b>	<b>69</b>	<b>11</b>	<b>1,906</b>
<b>Movement in current provisions</b>					
Movement in current provisions	Weather-tightness claims \$'000	Landfill aftercare \$'000	Refund of rates \$'000	ACC accreditation \$'000	Total \$'000
<b>Council and Group 2021</b>					
Balance at 1 July 2020	18	2,138	69	56	2,281
Additional provisions made during the year	-	-	-	-	-
Change in provision	-	(345)	-	(45)	(390)
Discount unwinding	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>18</b>	<b>1,793</b>	<b>69</b>	<b>11</b>	<b>1,891</b>

#### Weather-tightness claims

There are currently no claims lodged with the Weather-tight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2022 (2021: 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 weather-tightness 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 weather-tightness 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 increased by \$14,742 in the 2022 financial year to \$1,807,800, with the following significant assumptions having been made in estimating the provision:

- Inflation factor - An annual inflation factor of 3.3% has been applied in estimating the future cash outflows (2021: 2.0%).
- Discount rate - A discount rate of 4.30% has been applied (2021: 3.13%) to discount the estimated future cash outflows.
- Length of aftercare - The assumption for the length of aftercare has remained at 35 years (2021: 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.



## 19 Provisions

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.



### 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Accumulated funds</b>				
Balance as at 1 July	718,834	731,673	719,861	732,798
Net surplus/(deficit)	4,856	(11,554)	5,992	(12,092)
Transfers (to)/from self-funding reserves	-	-	-	-
Transfers (to)/from council-created reserve	(22)	35	(22)	35
Transfers (to)/from restricted reserve	(1,309)	(657)	1,207	(657)
Transfers (to)/from fair value through equity reserve	-	-	-	-
Transfers (to)/from asset revaluation reserves on disposal of PPE and intangible assets	(6,274)	(697)	(6,274)	(697)
Prior Year Equity Correction	959	34	388	474
<b>Balance as at 30 June</b>	<b>717,044</b>	<b>718,834</b>	<b>721,152</b>	<b>719,861</b>

### Reserves

Council-created reserves	64	43	64	43
Restricted reserves	6,295	4,986	6,295	4,986
Fair value through equity reserve	30,228	28,826	2,415	(350)
Asset revaluation reserve - property, plant and equipment	722,416	470,909	747,578	494,747
Asset revaluation reserve - intangibles	170	170	170	170
Minor Adjustments	-	-	-	-
<b>Total reserves</b>	<b>759,173</b>	<b>504,934</b>	<b>756,522</b>	<b>499,596</b>

### 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. Council does not currently have any self-funding reserves.

### 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 2021 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Transfer to accumulated funds \$'000	Closing balance 30 June 2022 \$'000
<b>Council and Group 2022</b>						
Reporoa Domain	36	21	-	-	-	57
Waikite Domain	6	1	-	-	-	7
<b>Total restricted reserves - 2022</b>	<b>42</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64</b>
	Opening balance 1 July 2020 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Transfer to accumulated funds \$'000	Closing balance 30 June 2021 \$'000
<b>Council and Group 2021</b>						
Reporoa Domain	72	-	(36)	-	-	36
Waikite Domain	5	1	-	-	-	6
<b>Total restricted reserves - 2021</b>	<b>77</b>	<b>1</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>42</b>

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 2021 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Closing balance 30 June 2022 \$'000
<b>Council and Group 2022</b>					
Reserves development	4,979	1,174	-	-	6,153
Creative NZ Reserve	7	135	-	-	142
<b>Total restricted reserves - 2022</b>	<b>4,986</b>	<b>1,309</b>	<b>-</b>	<b>-</b>	<b>6,295</b>
	Opening balance 1 July 2020 \$'000	Deposits \$'000	Withdrawals \$'000	Interest earned / charged \$'000	Closing balance 30 June 2021 \$'000
<b>Council and Group 2021</b>					
Reserves development	4,310	669	-	-	4,979
Creative NZ Reserve	19	-	(12)	-	7
<b>Total restricted reserves - 2021</b>	<b>4,329</b>	<b>669</b>	<b>(12)</b>	<b>-</b>	<b>4,986</b>

### 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Opening balance	28,826	20,892	(350)	(350)
Transfers (to)/from accumulated funds	-	-	-	-
Valuation gains/(losses) taken to equity	1,402	7,934	2,765	-
<b>Balance 30 June</b>	<b>30,228</b>	<b>28,826</b>	<b>2,415</b>	<b>(350)</b>

## Asset revaluation reserves - Property, Plant and Equipment

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

### 2022 asset revaluation reserve for each asset class consist of:

	Opening balance 1 July 2021 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposal \$'000	Other transfers \$'000	Closing balance 30 June 2022 \$'000
<b>Council 2022</b>	-	-	-	-	-	-	-
Art collections	18,935	-	-	-	-	-	18,935
Buildings	56,637	-	-	39,718	6,256	(161)	102,450
Land - operational	29,116	-	-	(8,906)	-	-	20,210
Land - restricted	41,471	-	-	47,852	-	-	89,323
Landfill	1,017	-	-	188	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks & reserves	5,337	-	-	5,606	112	-	11,055
Roading and footpaths	140,287	-	-	77,556	-	-	217,843
Stormwater	68,853	-	-	35,539	-	-	104,392
Sewerage - other	29,706	-	-	32,770	(1)	-	62,475
Water - other	79,215	-	-	15,070	(93)	-	94,192
<b>Total</b>	<b>470,909</b>	<b>-</b>	<b>-</b>	<b>245,393</b>	<b>6,274</b>	<b>(161)</b>	<b>722,416</b>
<b>Group 2022</b>							
Art collections	18,935	-	-	-	-	-	18,935
Buildings	58,748	-	-	43,493	6,256	(161)	108,336
Land - operational	29,116	-	-	(8,906)	-	-	20,210
Land - restricted	63,142	-	-	47,852	-	-	110,994
Landfill	1,017	-	-	188	-	-	1,205
Library books	335	-	-	-	-	-	335
Parks and reserves	5,337	-	-	5,606	112	-	11,055
Roading and footpaths	140,288	-	-	77,556	-	-	217,844
Stormwater	68,853	-	-	35,539	-	-	104,392
Sewerage - other	29,706	-	-	32,770	(1)	-	62,475
Water - other	79,270	-	-	15,070	(93)	-	94,247
<b>Total</b>	<b>494,747</b>	<b>-</b>	<b>-</b>	<b>249,168</b>	<b>6,274</b>	<b>(161)</b>	<b>750,028</b>

### 2021 asset revaluation reserve for each asset class consist of:

	Opening balance 1 July 2020 \$'000	Transfers relating to prior period \$'000	Transfers between asset classes \$'000	Revaluation gains / (losses) during year \$'000	Transfer to accumulated funds on disposal \$'000	Other transfers \$'000	Closing balance 30 June 2021 \$'000
<b>Council 2021</b>							
Art collections	18,935	-	-	-	-	-	18,935
Buildings	57,291	-	-	-	(96)	(558)	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 & reserves	5,841	5	(2)	-	(496)	(11)	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
<b>Total</b>	<b>371,562</b>	<b>536</b>	<b>(2)</b>	<b>98,685</b>	<b>697</b>	<b>(569)</b>	<b>470,909</b>

## Group

### 2021

Art collections	18,935	-	-	-	-	-	18,935
Buildings	59,402	-	-	-	(96)	(558)	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)	(11)	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
<b>Total</b>	<b>391,679</b>	<b>96</b>	<b>(2)</b>	<b>102,846</b>	<b>697</b>	<b>(569)</b>	<b>494,747</b>

## Asset revaluation reserve - Intangibles

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Carbon credits</b>				
Opening balance	170	124	170	124
Revaluation gains/(losses) during year	-	46	-	46
Transfer to accumulated funds on disposal	-	-	-	-
<b>Closing balance</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>170</b>

## 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.

**Capital commitments**

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

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Capital commitments</b>				
Parks & Reserves	7,620	6,105	7,542	6,089
Roading network	24,799	27,012	24,600	26,901
Buildings	15,236	16,230	15,236	16,230
Stormwater	9,120	1,724	9,120	1,724
Wastewater - other	3,653	10,727	3,653	10,727
Wastewater treatment	14,166	2,028	14,166	2,028
Water - other	1,523	1,143	649	1,143
Water treatment	-	-	-	-
Intangibles	1,005	1,078	1,005	1,078
Plant and equipment	585	5	585	84
Land	232	-	232	-
<b>Total capital commitments</b>	<b>77,939</b>	<b>66,052</b>	<b>76,788</b>	<b>66,004</b>

**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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	163	197	396	297
Later than one year but not later than two years	143	153	143	223
Later than two years but not later than five years	241	333	1,170	391
Later than five years	399	817	1,386	817
<b>Total non-cancellable operating leases</b>	<b>946</b>	<b>1,500</b>	<b>3,095</b>	<b>1,728</b>
Total capital commitments	77,939	66,052	76,788	66,004
<b>Total commitments</b>	<b>78,885</b>	<b>67,552</b>	<b>79,883</b>	<b>67,732</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$Nil (2021: \$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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	2,573	989	2,272	965
Later than one year but not later than two years	2,330	942	2,330	942
Later than two years but not later than five years	6,110	2,369	3,981	2,369
Later than five years	16,047	6,992	16,047	6,992
<b>Total non-cancellable operating leases</b>	<b>27,060</b>	<b>11,292</b>	<b>24,630</b>	<b>11,268</b>

No contingent rents have been recognised during the period.

## 22 CONTINGENCIES

### Contingent liabilities

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Financial guarantees</b>	-	-	-	-
Financial guarantees to community and sporting groups	-	9	-	9
<b>Suspensory loan</b>				
Housing New Zealand Corporation suspensory loan	1,567	1,532	1,567	1,532
<b>Legal proceedings</b>				
The Group's effective exposure to legal claims	715	750	715	750
<b>Total contingent liabilities</b>	<b>2,282</b>	<b>2,291</b>	<b>2,282</b>	<b>2,291</b>

### 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 (2021: three). An estimate of Council's share of exposure is \$715,000 (2021: \$750,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

The Council settled a dispute which relates to an alleged breach of Council's Landfill resource consent.

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 took place in October 2021.

### **Unquantified claims**

##### *Weathertightness claims*

As disclosed in Note 19 a provision of \$18,000 (2021: \$18,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2021:\$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 2022 the Scheme had a deficit of \$595,000 (98.3% of the liabilities) (2021: surplus of \$1,262,000, 102.2%). 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 2021, the Actuary recommended the employer contribution rate to the Scheme be set between 2.0 and 4.0 times contributors' contributions from 1 April 2021 with a further scheduled increase from 1 April 2022 to 4 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 AAA for local currency and a foreign currency rating of AA+.

As at 30 June 2022, the Council is one of 36 local authority guarantors of the LGFA. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. As at 30 June 2022, the LGFA had borrowings totalling \$14,041,907 (2021: \$12,065,668).

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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
<b>Loan guarantees</b>				
Rotorua Hockey Trust & BOP Hockey Association	350	350	350	350
<b>Total loan guarantees</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>

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 2022 there is one facility with a book value of \$350,000 (2021: one facility, \$350,000).

## 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.

	Actual 2022 \$'000	Actual 2021 \$'000
<b>Council members</b>		
Senior Management Team, including the Chief Executive	2,338	2,145
Councillors	906	876
<b>Total Group key management remuneration</b>	<b>3,244</b>	<b>3,021</b>
<b>Full-time equivalent members</b>		
Full-time equivalent Senior Management Team	8.0	8.0
Full-time equivalent Councillors	11	11
<b>Total full-time equivalent personnel</b>	<b>19</b>	<b>19</b>

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 \$44,161 (2021: \$47,800) to defined contribution plans.

**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 2022 \$	Actual 2021 \$
Salary	366,354	366,181
Vehicle (including Fringe Benefit Tax)	26,377	25,565
<b>Total Chief Executive's remuneration</b>	<b>392,731</b>	<b>391,746</b>

**Elected representatives**

Elected representatives received the following remuneration:

	Total 2022 \$	Total 2021 \$
<b>Mayor</b>		
Chadwick S	147,752	143,922
Chadwick S - Mayor's vehicle	7,981	7,846
<b>Councillors</b>		
Bentley P	49,849	55,989
Donaldson D	105,913	100,989
Maxwell T H	75,241	71,739
Raukawa-Tait M	88,130	84,031
Tapsell T	88,130	84,031
Kumar R	58,725	55,989
Kai Fong S	75,241	71,739
MacPherson R	58,725	55,989
Wang F	75,241	71,739
Yates M	75,241	71,739
<b>Total Councillor remuneration</b>	<b>906,169</b>	<b>875,742</b>
Rotorua Lakes/Rural Community Boards	99,337	97,706
<b>Total elected representatives' remuneration</b>	<b>1,005,506</b>	<b>973,448</b>

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2021-22. 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	
	2022	2021
< \$60,000	102	107
\$60,000 – \$79,999	104	106
\$80,000 – \$99,999	85	76
\$100,000 – \$119,999	31	33
\$120,000 – \$139,999	17	19
\$140,000 – \$159,999	9	7
\$160,000 – \$199,999	9	6
\$200,000 – \$279,999	6	6
\$280,000 – \$399,999	3	2
<b>Total employees</b>	<b>366</b>	<b>362</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 305 (2021: 302) full-time employees, with the balance of staff representing 32.56 (2021: 39.78) 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.

	2022 \$'000	Percentage %	2021 \$'000	Percentage %
Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June:				
Kawerau District Council	46	2.1%	66	2.1%
Opotiki District Council	50	2.3%	72	2.3%
Rotorua Lakes Council	432	20.0%	621	19.9%
Taupo District Council	308	14.2%	444	14.3%
Tauranga District Council	796	36.8%	1,145	36.8%
Western BOP District Council	324	15.0%	466	15.0%
Whakatane District Council	209	9.6%	300	9.6%
	<b>2,165</b>	<b>100.0%</b>	<b>3,114</b>	<b>100.0%</b>

### State Highways administration

	2022 \$'000	2021 \$'000
Expenditure on State Highways roading network (Reimbursed from New Zealand Transport Agency)	414	361

### Regional Council rates

	2022 \$'000	2021 \$'000
Rates were collected on behalf of the following Regional Authorities:		
Bay of Plenty Regional Council	15,867	13,026

## (a) Financial instrument categories

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>FINANCIAL ASSETS</b>				
<b>Loans and receivables</b>				
Total cash and cash equivalents (including short-term deposits 3 months or less)	16,011	6,256	17,727	9,125
Receivables (including community loans)	29,998	27,944	16,229	9,857
Borrower notes	4,619	3,779	4,619	3,779
Term deposits	2,000	1,000	2,226	1,224
<b>Total loans and receivables</b>	<b>52,628</b>	<b>38,979</b>	<b>40,801</b>	<b>23,985</b>
<b>Fair value through surplus or deficit</b>				
Shares in associates	76	22	76	22
<b>Total fair value through surplus or deficit</b>	<b>76</b>	<b>22</b>	<b>76</b>	<b>22</b>
<b>Fair value through other comprehensive revenue and expense</b>				
Unlisted shares	63,013	61,575	305	264
<b>Total fair value through other comprehensive revenue and expense</b>	<b>63,013</b>	<b>61,575</b>	<b>305</b>	<b>264</b>
<b>Total financial assets</b>	<b>115,717</b>	<b>100,576</b>	<b>41,182</b>	<b>24,271</b>

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>FINANCIAL LIABILITIES</b>				
<b>Financial liabilities at amortised cost</b>				
Payables and deferred revenue	27,765	21,025	28,090	21,111
Borrowings:				
Registered debenture stock	9,959	10,000	10,959	10,000
Bank facilities	-	5,000	-	5,000
LGFA borrowings	286,615	226,510	286,615	226,510
Other loans	-	166	1,829	2,992
<b>Total financial liabilities</b>	<b>324,339</b>	<b>262,701</b>	<b>327,493</b>	<b>265,613</b>

**(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:

	Valuation Technique			Significant non-observable inputs \$'000
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	
<b>2022</b>				
<b>30 June 2022 - Council</b>				
<b>Financial assets</b>				
Borrower notes	4,619	-	4,619	-
Shares in associates	76	-	-	76
Unlisted shares	63,013	-	-	63,013
<b>Financial liabilities</b>				
Registered debenture stock	9,959	-	9,959	-
Bank facilities	-	-	-	-
LGFA borrowings	286,615	-	286,615	-
Other Loans	-	-	-	-
<b>Group</b>				
<b>Financial assets</b>				
Borrower notes	4,619	-	4,619	-
<b>Shares in associates</b>				
Unlisted shares	-	-	-	-
Unlisted shares	305	-	-	305
<b>Financial liabilities</b>				
Registered debenture stock	10,959	-	10,959	-
Bank facilities	-	-	-	-
LGFA borrowings	286,615	-	286,615	-
Other Loans	1,829	-	1,829	-

	Valuation Technique			Significant non-observable inputs \$'000
	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	
<b>2021</b>				
<b>30 June 2022 - Group</b>				
<b>Financial assets</b>				
Borrower notes	3,779	-	3,779	-
Shares in associates	22	-	-	22
Unlisted shares	61,575	-	-	61,575
<b>Financial liabilities</b>				
Registered debenture stock	10,000	-	10,000	-
Registered security stock	5,000	-	5,000	-
LGFA borrowings	226,510	-	226,510	-
Other Loans	166	-	166	-

**30 June 2021 - Group****Financial assets**

Borrower notes	3,099	-	3,099	-
Shares in associates	22	-	-	22
Unlisted shares	51,982	-	-	51,982

**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	-

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:

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2022 \$'000</b>	Actual 2021 \$'000	<b>Actual 2022 \$'000</b>	Actual 2021 \$'000
Balance at 1 July	<b>61,597</b>	52,132	<b>286</b>	375
Capital movement	-	750	-	-
Write off of investment through surplus and deficit	-	(150)	-	(150)
Change in fair value of investment through surplus and deficit	<b>89</b>	932	-	61
Gains and losses recognised in other comprehensive revenue and expense	<b>1,402</b>	7,934	-	-
Balance at 30 June	<b>63,088</b>	61,597	<b>286</b>	286

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
<b>Term of exposure</b>		
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	- %	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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and term deposits	16,011	6,256	17,727	9,125
Term deposits	2,000	1,000	2,226	1,224
Receivables (including community loans)	29,998	27,944	16,229	9,857
Borrower notes	4,619	3,779	4,619	3,779
Shares in associates	76	22	76	22
Unlisted shares	63,013	61,575	305	264
Financial guarantees	350	350	-	350
<b>Total credit risk</b>	<b>116,067</b>	<b>100,926</b>	<b>41,182</b>	<b>24,621</b>

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Counterparties with credit ratings:</b>				
Cash at bank and term deposits (AA-)	18,011	7,256	19,953	10,349
Total cash at bank and term deposits	18,011	7,256	19,953	10,349
Borrower notes (AA+)	4,619	3,779	4,619	3,779
Total government bonds	4,619	3,779	4,619	3,779
<b>Counterparties without credit ratings:</b>				
Unlisted shares	63,013	61,575	305	264
Shares in associates	76	22	76	22
Total shares	63,089	61,597	381	286
Existing counterparty with no defaults in the past	15,460	17,210	-	-
Total loans to subsidiaries	15,460	17,210	-	-

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 (2021: \$35,000,000). 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 \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Council 2022</b>						
Payables and deferred revenue	27,765	27,765	27,765	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	9,959	9,959	9,959	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	286,615	329,794	80,150	28,999	92,407	128,238
Other loans	-	-	-	-	-	-
<b>Total</b>	<b>324,689</b>	<b>367,868</b>	<b>118,224</b>	<b>28,999</b>	<b>92,407</b>	<b>128,238</b>
<b>Council 2021</b>						
Payables and deferred revenue	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	-	-	-
<b>Total</b>	<b>263,051</b>	<b>292,490</b>	<b>55,360</b>	<b>42,260</b>	<b>86,532</b>	<b>108,338</b>
<b>Group 2022</b>						
Payables and deferred revenue	28,090	28,090	28,090	-	-	-
Financial guarantees	350	350	350	-	-	-
Registered debenture stock	10,959	10,959	10,959	-	-	-
Bank facilities	-	-	-	-	-	-
LGFA borrowings	286,615	329,794	80,150	28,999	92,407	128,238
Other loans	1,829	1,829	1,829	-	-	-
<b>Total</b>	<b>327,843</b>	<b>371,022</b>	<b>121,378</b>	<b>28,999</b>	<b>92,407</b>	<b>128,238</b>
<b>Group 2021</b>						
Payables and deferred revenue	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	-	-
<b>Total</b>	<b>265,963</b>	<b>295,474</b>	<b>55,446</b>	<b>45,158</b>	<b>86,532</b>	<b>108,338</b>

## 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 \$'000	Contractual Cash flows \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>Council 2022</b>						
Cash and cash equivalents (including short term deposits 3 months or less)	16,011	16,011	16,011	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	29,998	29,998	29,998	-	-	-
Other financial assets:		-				
Borrower notes	4,619	4,619	522	392	1,130	2,575
Shares in associates	76	76	76	-	-	-
Unlisted shares	63,013	63,013	63,013	-	-	-
<b>Total</b>	<b>115,717</b>	<b>115,717</b>	<b>111,620</b>	<b>392</b>	<b>1,130</b>	<b>2,575</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Council 2021</b>						
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	-	-	-
<b>Total</b>	<b>100,576</b>	<b>100,580</b>	<b>79,661</b>	<b>553</b>	<b>18,583</b>	<b>1,783</b>
<b>Group 2022</b>						
Cash and cash equivalents (including short term deposits 3 months or less)	17,727	17,727	17,727	-	-	-
Term deposits	2,000	2,000	2,000	-	-	-
Receivables	16,229	16,229	16,229	-	-	-
Other financial assets:		-				
Borrower notes	4,619	4,619	4,619	-	-	-
Shares in associates	76	76	76	-	-	-
Unlisted shares	305	305	305	-	-	-
<b>Total</b>	<b>40,956</b>	<b>40,956</b>	<b>40,956</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Group 2021</b>						
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	-	-	-
<b>Total</b>	<b>24,271</b>	<b>24,271</b>	<b>20,621</b>	<b>553</b>	<b>1,314</b>	<b>1,783</b>

## 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:

Council	2022 \$'000				2021 \$'000			
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	(63)	-	63	-
<b>Borrowings:</b>								
- Debenture stock / LGFA / Bank facilities	890	-	(890)	-	723	-	(723)	-
<b>Total sensitivity</b>	<b>890</b>	<b>-</b>	<b>(890)</b>	<b>-</b>	<b>661</b>	<b>-</b>	<b>(661)</b>	<b>-</b>
<b>Group</b>								
	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity	-100bps Surplus	-100bps Other equity	+100bps Surplus	+100bps Other equity
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	(91)	-	91	-
<b>Borrowings:</b>								
- Debenture stock / LGFA / Bank facilities	890	-	(890)	-	723	-	(723)	-
<b>Total sensitivity</b>	<b>890</b>	<b>-</b>	<b>(890)</b>	<b>-</b>	<b>632</b>	<b>-</b>	<b>(632)</b>	<b>-</b>

### 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%.

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## 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 surplus of \$4.8 million compared to a budgeted surplus of \$35.4 million.

The major reasons for the variance of \$31.9 million between actual and budgeted result are as follows:

### Revenue

Revenues were \$14.9m lower than budget with major variances including:

- Rates revenue is \$2.6m below budget due to rates on Council owned properties being included in budget but excluded from actuals.
- Subsidies and grants revenue was \$21.6m under budget due principally to timing differences for capital grant subsidies from Government. This reduction was partially offset by \$4m of additional subsidies received from Waka Kotahi - New Zealand Transport Agency.
- All other income was \$8.1m above budget with \$7m of unbudgetted revenue from land vested to Council from subdivisions at Morey Street, Collie Drive, Elham Place and Redwood Park. Other revenue types were below budget by \$1.1m due to covid restrictions impacting visitor numbers, parking revenue, and event revenue. Rent relief was given to some businesses that were heavily impacted by reduction in visitors.

## **Expenditure**

Expenses were \$11.9m higher than budget. Major variances included:

- Personnel costs are \$2.8m below budget due to vacancies and time taken to fill vacant positions.
- Depreciation expense is above budget by \$8.1m due to the impact of revaluations of infrastructure assets.
- Other expenses are \$11.4m over budget due to loss on disposal of property, plant and equipment of \$5.5m and \$1m of Infracore debt forgiven. Contractors and consultants were \$1.5m over budget due to housing strategy work and additional resources for planning and consenting. Other expense categories had offsetting variances to budget.

## **Statement of Financial Position**

Overall net assets are \$292m above budget. Significant variances are as follows:

### **Current Assets**

Receivables were \$6.1m above budget due to rates increases not being included in budget.

### **Non - current assets**

Investment in Council Controlled Organisations is \$10m above budget due to 2021 carrying value not being reflected in budget.

Property, Plant and Equipment is \$126m above budget due to revaluations performed during the financial year. Revaluations resulted in significant increases for stormwater, land, buildings, parks & reserves and roads & footpaths.

Intangible assets were \$3.3m less than budget due to delay in implementation and capitalisation of ERP system.

Loans receivable are \$2.8m lower due to a higher portion of loans to related parties being classified as current assets.

### **Current Liabilities**

Payables and deferred revenue are \$15m higher than budget due to timing of amounts due.

Increase in payables is partially reflected in an offsetting difference in cash and cash equivalents.

Current portion of borrowings are \$43m higher than budget due to delays in capital projects and corresponding incoming grants.

### **Non - current liabilities**

Non current portion of borrowings if \$79m below budget due to delayed timings of expenditure on major capital projects.

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 - \$757,334,332**

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 - \$35,618,018**

This cover is for the total replacement value of art and artefacts owned by the Council.

**Commercial Motor Vehicles - \$2,007,000**

Motor vehicle insurance is up to the market value of each individual vehicle covered under the policy.

**Infrastructure - \$974,418,327**

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 - \$5,465,000**

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.

### Land at 283 Clayton Road

On 25 August 2022 Council declared that land at 283 Clayton Road, being Lot 29 DPS 131 was surplus to requirements and to be disposed of using an expression of interest process.

### Development Contributions

On 25 August 2022 Council adopted a Development Contributions Policy with effect from 1 September 2022 with implementation date of the policy of 1 December 2022.

### Reserves Proposal

On 25 August 2022 Council approved a Strategy, Policy & Finance Committee recommendation to dispose of some reserves sites in Rotorua and enable these to be used for housing, with any proceeds to be used for reserves network improvements. Following the 2022 Local Government elections, the incoming Council, at their meeting held 10 November 2022, reversed this decision.

### Three Waters Reform

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which establishes four publicly owned water services entities and sets out their ownership, governance and accountability arrangements. The establishment date is 1 July 2024, or earlier by Order in Council. This Act received Royal Assent on 14 December 2022.
- The Water Services Legislation Bill, which will provide for the transfer of water services assets and liabilities to the water services entities, and is currently before Parliament.
- The Water Services Economic Efficiency and Consumer Protection Bill, which will provide the economic regulation and consumer protection framework for water services. It is currently before Parliament.

On 13 April 2023, the Government announced its intention to increase the number of water services entities and to stagger their establishment dates, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. On 16 June 2023, the Water Services Entities Amendment Bill was introduced to Parliament to amend the Water Services Entities Act 2022. Until the Bill is passed, the establishment date remains 1 July 2024, or earlier by Order in Council.

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.

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.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.

**ROTORUA LAKES COUNCIL:**  
Funding Impact Statement for the year  
ended 30 June 2022 for Whole of Council

	2021		2022	
Annual Plan 2020/21 (\$000)	Actual 2020/21 (\$000)	Long Term Plan 2021/22 (\$000)	Actual 2021/22 (\$000)	

Sources of operating funding

General rates, uniform annual general charges, rates penalties	59,728	58,266	67,906	64,978
Targeted rates	42,284	43,116	44,366	44,698
Subsidies and grants for operating purposes	3,745	5,991	4,596	5,691
Fees and charges	3,442	9,172	12,658	10,423
Interest and dividends from investments	134	718	630	688
Local authorities fuel tax, fines, infringement fees, and other receipts	8,589	5,731	5,657	5,122
<b>Total operating funding (A)</b>	<b>117,923</b>	<b>122,995</b>	<b>135,814</b>	<b>131,600</b>

Applications of operating funding

Payments to staff and suppliers	92,701	100,486	104,415	103,091
Finance costs	8,720	6,977	8,136	8,279
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>101,421</b>	<b>107,463</b>	<b>112,550</b>	<b>111,370</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>16,503</b>	<b>15,531</b>	<b>23,262</b>	<b>20,230</b>

Sources of capital funding

Subsidies and grants for capital expenditure	42,561	19,219	47,785	25,004
Development and financial contributions	-	669	-	1,071
Increase (decrease) in debt	57,012	13,448	83,591	54,898
Gross proceeds from sale of assets	2,000	( 0)	-	( 344)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>101,573</b>	<b>33,336</b>	<b>131,376</b>	<b>80,629</b>

Applications of capital funding

Capital expenditure—				
• to meet additional demand	2,675	747	10,893	7,898
• to improve the level of service	89,142	39,039	91,646	48,271
• to replace existing assets	24,509	27,585	43,317	29,129
Increase (decrease) in reserves	-	( 19,784)	-	11,915
Increase (decrease) of investments	1,750	1,279	8,782	3,645
<b>Total applications of capital funding (D)</b>	<b>118,076</b>	<b>48,867</b>	<b>154,638</b>	<b>100,859</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>( 16,503)</b>	<b>( 15,531)</b>	<b>( 23,262)</b>	<b>( 20,230)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





# 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:

- 📍 InfraCore Ltd
- 📍 Rotorua Economic Development Ltd (Rotorua NZ: July 2022)
- 📍 Rotorua Regional Airport Ltd
- 📍 Bay of Plenty LASS Ltd
- 📍 Co-Lab

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.





## 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:

- ④ Asset management of above and underground infrastructure assets including planned and reactive activities, life cycle data analysis and capital build activities.
- ④ Maintaining and constructing parks infrastructure, including but not limited to public gardens, reserves, playgrounds, sports fields and tree surgeon services.
- ④ Maintaining and constructing drinking water, wastewater and storm-water infrastructure networks.
- ④ Civil construction and maintenance work associated with transport solutions including foot path, paving and street furniture type assets.
- ④ Providing janitorial services, street cleaning and maintenance services for public and park infrastructure assets.
- ④ Cemetery and Crematorium management and operation services.
- ④ Nursery services, including plant propagation, sale, lease and care services.
- ④ 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 ARE WORKING TOWARDS

InfraCore has a vision to become a cornerstone to delivering the Rotorua Lakes 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 work in partnership to assist in delivering the goals in the Te Arawa 2050 vision and acknowledges the values identified by Te Arawa whānui. InfraCore's manaakitanga will show through the quality service and through the ability to provide sustainable employment opportunities. Te Arawa Mana Whenua values and tikanga will shape the way in which InfraCore completes work in the rohe in which it operates. InfraCore will provide a sustainable opportunity where leadership and collaboration will be encouraged and supported. We will work together with the Te Arawa Mana Whenua entities to gain efficiency and cost advantage through economies of scale and size and to assist Te Arawa to achieve the goals identified in the seven strategic directions of the 2050 vision, and contribute to the aspirations of Mana Whenua Iwi and Hapū.

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 Incorporated.

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 to 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:

- ④ Aligning and partnering with Rotorua Lakes Council vision and providing an unprecedented level of flexibility.
- ④ Aligning behaviours to the values identified in the Te Arawa 2050 vision and partnering with Te Arawa Iwi and Hapū.
- ④ Aligning and partnering with Mana Whenua in the rohe in which we operate
- ④ Aligning and partnering with Central Government departments including the Ministry of Social Development and the Corrections Department
- ④ Strategically partnering with 3rd party suppliers in order to further increase the level of opportunity.
- ④ Creating opportunities for Rotorua residents, to work locally in an environment that is meaningful to them.
- ④ 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.
- ④ Being a good place to work, by supporting our employees to be the best that they can be.
- ④ 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:

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 consists of between four and six Directors. InfraCore is led by Chief Executive Emma Murray and governed by an independent board of directors.

#### The Following Directors Held Office As At 30 June 2022:

	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		Budget was set to a profit of \$56k and a surplus of \$729k 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.		There were a total of 14 projects during the year, with 4 projects still in progress. of the 10 projects that were completed the contributed \$68k of profit to the bottom line.
Consolidated KPI scoring Parks and Open Spaces	80%		Annual Average 85%
Consolidated KPI Utilities	80%		Annual Average 71%
Targeting full employee engagement with Health and Safety	90%		95%. This was based upon employee attendance in the health and safety committee representative meetings.
Individual performance plan in place per employee	100%		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 six monthly reviews.
Develop and document social enterprise project of work	One		Finalised contract with MSD to employ ten people into full time roles, complete with training and career pathways.  Open day with Corrections held to detail InfraCore activities and career opportunities within InfraCore. Six people have successfully been employed through this.
Understand the satisfaction level of the beneficiaries of the social enterprise's activities (Engagement survey)	80%		100% based upon two feedback datasets from corrections and MSD
Partner with Te Arawa (contributing towards Te Arawa Vision 2050) and Mana Whenua through collaboration with a Te Arawa Iwi and Hapū entities.	One entity		One FTE employed as an HR Intern, appointed in conjunction with Ngāti Whakaue Distributions and Initiatives team. Internship complete April 2022. Experience gained across all areas of HR management, with high focus on recruitment. Positive experience.
Development and implementation of InfraCore Reorua strategy. Commitment to Rotorua Reorua. Increased cultural awareness within our organisation.	Development of InfraCore reorua strategy and implementation of Y1 initiatives.		As part of a review process, it was established that we needed a dedicated resource to implement this effectively. This will be recruited for in the 2022/23 year.

## FINANCIAL PERFORMANCE

	2021/22 \$000's	2020/21 \$000's
Revenue	14,976	15,809
Expenditure	14,247	14,939
(Deficit)/Surplus	729	870
Tax Benefit/(Expense)	-	-
Net surplus/(deficit) for year	729	870

## INCOME DERIVED FROM COUNCIL

	2021/22 \$000's	2020/21 \$000's
	12,583	14,194





# ROTORUA ECONOMIC DEVELOPMENT LTD

As of 1 July 2022, Rotorua Economic Development Ltd changed its name to RotoruaNZ, no longer trading as Rotorua Economic Development or Destination Rotorua.

## WHAT WE DO?

RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. They connect people, land, capital and ideas.

RotoruaNZ's work directly supports the development of Rotorua's economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all our people. Rotorua Economic Development 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. They 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 THEY DO HELPS TO:

- ④ 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;
- ④ attract, retain and grow investment, talent and business across the District;
- ④ ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua;
- ④ create unforgettable memories for all our visitors, including business event delegates; and,
- ④ support Rotorua Lakes Council's partnership with Te Arawa to help them realise their aspirations.

They do this by focusing on five key priorities that Rotorua Lakes Council sets out in their annual letter of expectation:

- ④ Destination development
- ④ Business growth and investment attraction
- ④ Skills, education and talent
- ④ Sustainable business practices
- ④ Growing the visitor economy

## WHAT WE ARE WORKING TOWARDS

- ④ Business innovation and prosperity
- ④ Employment choices
- ④ Outstanding places to play

## STRUCTURE OF THE COMPANY'S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS (30 JUNE 2022):




RotoruaNZ is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). Rotorua NZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua District. RotoruaNZ'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.

RotoruaNZ is led by Chief Executive Andrew Wilson and governed by an independent board of directors.

The following Directors held office as at 30 June 2022;	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







At the time of printing this report, the results for Rotorua Economic Development Ltd year ending 30 June 2022 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand.

## 2022 KEY PERFORMANCE MEASURES

	Target	Actual	Achieved/ Not Achieved	Comment
The number of Te Arawa economic development projects directly supported by Rotorua Economic Development Ltd.	>= three	Three projects		Three Te Arawa economic development projects were supported: <ul style="list-style-type: none"> <li>CNI commercial opportunities in the forest - RotoruaNZ co-ordinated the process for selecting a preferred food and beverage partner and provided due diligence on forest activities that could be established.</li> <li>Te Manuka Partnership - RotoruaNZ partnered with Te Tatau o Te Arawa, Toi Ohomai and Datacom to create employment and training opportunities in high value technology jobs within the region.</li> <li>RotoruaNZ supported lands trusts to investigate development opportunities and seek funding from partners including Central Government to progress opportunities.</li> </ul>
Level of satisfaction of businesses going through the ACCELERATE programme.	>= 80%	92%		Cohort 10 of the Accelerate program concluded in September 2021 with ten participants from seven local businesses being supported through the program.
Relevant destination data and insights developed to support investment decision making by businesses in target sectors. Subject matter will be delivered during the year based on relevance and need.	>= six	Seven relevant destination data and insights projects		Seven data and insights projects were completed: <ul style="list-style-type: none"> <li>Commercial accommodation sector overview on RotoruaNZ.com</li> <li>Insights dashboard: forward looking accommodation on RotoruaNZ.com</li> <li>Clear as Mud - industry blog (visitor perceptions research, commercial accommodation) on RotoruaNZ.com</li> <li>Forward looking events data - In Rotorua app launched and direct RLC events feed on insights dashboard</li> <li>Food and beverage insights survey</li> <li>Inaugural Rotorua Business Pulse survey</li> <li>Inaugural Rotorua Customer Satisfaction survey</li> </ul>

 Not Measured  Achieved  Not Achieved



The number of new developments (residential, industrial and commercial) supported or led by Rotorua Economic Development that are initiated.	>= three	Three new developments		Three new developments were facilitated: <ul style="list-style-type: none"> <li>• RotoruaNZ facilitated a consortia of investors to commit towards implementation of a new commercial development. This will proceed pending securing agreements to lease with tenants and confirming construction costs.</li> <li>• RotoruaNZ facilitated an investment case and received commitment from landowners to implement a new economic development project for the destination. This is proceeding to final due diligence and implementation to confirm partnerships, investment and construction costs.</li> <li>• RotoruaNZ facilitated the initiation of a development to occur in the inner city</li> </ul>
i-SITE to be financially sufficient.	>= \$0	-\$827,153		The two-week national Delta lockdown in August 2021 and essential travel restrictions on Aucklanders, which extended through to December had a significant negative impact on i-SITE income. Additionally, the restrictions resulting from the Omicron outbreak and the temporary closure of the Fenton St i-SITE further negatively affected income.
Business events - value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences	>= \$6.1m	\$2.760m		The Delta outbreak created a high level of uncertainty for events and although the event gathering size restrictions eased following the Omicron peak, the uncertainty of restrictions possibly being reintroduced in the future continued to dampen demand in booking business events.
Domestic visitor card expenditure for Rotorua (based on MBIE TECT data set)	>= \$330m	\$271m		The two-week national Delta lockdown in August 2021 and essential travel restrictions on Aucklanders, which extended through to December had a significant negative impact on visitor spending. Additionally, the restrictions resulting from the Omicron outbreak commencing January 2022 further negatively affected visitor spending.
Stakeholder satisfaction (Survey of the local visitor economy; attraction, hospitality, food & beverage).	>= 75%	63%		Question in the new RotoruaNZ customer satisfaction survey, asking Rotorua businesses to rate their satisfaction that RotoruaNZ supports 'Rotorua as a whole', 'their industry' and 'their own businesses'. The figure is calculated as an average of these three selections using % satisfied plus % very satisfied (Tourism, Accommodation and Hospitality & Food Services businesses only).
Domestic consumer perception - % intend to visit (Delve loyalists + considerers) Rotorua from Auckland AND one target market is at least approximately the same or better than the June 2017/18 year	Two markets (incl AKL)	Three markets (incl AKL)		Intention to visit targets were achieved in each key market. The results were similar to the previous year for the Auckland market (down slightly from 56% to 53%) and the Christchurch market (up slightly from 28% to 30%). Although 45% in the Wellington market is down on 51% of the previous year, it is the mid-point of Wellington survey results over the previous five years.
% Auckland market "intend to visit" Rotorua AND	>= 50%	53%		
% Wellington market "intend to visit" Rotorua OR	>= 40%	45%		
% Christchurch market "intend to visit" Rotorua	>= 20%	30%		

## FINANCIAL PERFORMANCE

 Not Measured  Achieved  Not Achieved

	2021/22 \$000's	2020/21 \$000's
Revenue	7,197	6,327
Expenditure	7,462	6,292
(Deficit)/Surplus	(265)	35
Tax Benefit/(Expense)	0	0
Net Surplus/(Deficit) for year	(265)	35

## INCOME DERIVED FROM COUNCIL

	2021/22 \$000's	2020/21 \$000's
	4,390	4,420





# 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's 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. RRA is responsible for the ongoing capital development and maintenance of the airport assets and ownership of the core infrastructure.

## WHAT WE ARE WORKING TOWARDS

RRA's vision, as set out in the Statement of Intent, is "to be a uniquely Rotorua hub our community can be proud of". The board and management have identified five key priorities for the airport to deliver on this vision:

- Be a safe airport
- Help council achieve its growth aspirations
- Manage & maintain assets to a high standard
- Be financially sustainable
- Be environmentally conscious

Structure of the Company's operations, including governance arrangements (30 June 2020):

Rotorua Regional Airport is led by Chief Executive Nicole Brewer and governed by an independent board of directors.

The following Directors held office as at 30 June 2022:.....Date of appointment

Peter Stubbs (Chairman) .....	21/05/2014
John Amarama Fenwick .....	01/10/2017
Mere Kerena George.....	05/03/2020
Danielle Louise Auld.....	05/03/2020
Grant Lilly.....	26/08/2021

## COVID-19 DISCLOSURE

Covid-19 has had a significant impact on the operations and financial performance of RRA. As a Lifeline Utility and of key local and regional infrastructural significance, Rotorua Airport has maintained full operational capability throughout the COVID-19 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, RRA has maintained full operational continuity;
- ⦿ RRA 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 COVID-19 Management Handbook;
- ⦿ RRA met and embraced Ministry of Health and Ministry of Transport guidance and mandatory requirements around operations and staff and passenger safety;
- ⦿ RRA maintained its full organisational structure (16 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.

## 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.
- ⦿ Maintained a commercial network, despite COVID-19 impacts, to meet the needs of the residents and businesses in the region. As we re-emerge from the challenges of COVID our focus remains on supporting growth across these networks and growing services over time to cater for the Rotorua community, business and tourism sectors and in doing so further positioning Rotorua as the key Central North Island Airport Hub.
- ⦿ Managed and maintained business-critical infrastructure, services and facilities for all users of the Airport.
- ⦿ RRA has maintained full operational compliance of its mandated Pt 139 Certification and Safety Management Systems (SMS). This is an operating requirement of the Civil Aviation Authority (CAA). RRA reviewed aspects of its SMS in FY22 and submitted to the CAA for review.
- ⦿ RRA continues to work with the community to manage its Obstacle Limitation Surface (OLS) to ensure a safe operating environment for all airport users.
- ⦿ Continued to pursue opportunities to build non-aviation revenue and optimise existing assets, including unlocking the potential of the unused airport land.
- ⦿ Support the wider plan change for the area surrounding the Rotorua Regional Airport, which is intended to support the new 'liveable communities' priority, alongside other key stakeholders. RRA continues to engage with RLC and support initiatives in the surrounding area. This includes:
  - ⦿ Input into RLCs Rotorua Housing Plan Change and Future Development Strategy
  - ⦿ Work with RLC and Rotorua Economic Development (RED) to optimise the opportunities around the future development potential of the area.

## PERFORMANCE MEASURES

Measure	2021/22 Target	2022 Actual	Achieved/Not Achieved	2020/21 Actual
Aircraft Movements	6,100	4,056	Not Achieved	4,935
Passenger Movements	160,000	155,459	Not Achieved	179,500
Number of Controllable Safety Incidents	0	0	Achieved	0
Number of employee Injuries (days off work)	0	0	Achieved	1
Project Performance	Develop airport precincts in line with agreed masterplan	In progress	In progress	New measure

Note (1) Aircraft movements were down significantly against forecast as a result of a decline in general aviation (including flight school traffic), the cessation of AKL-ROT during Auckland lockdowns and the continuing impact of COVID-19, in particular the red traffic light setting, on commercial traffic.

Note (2) Passenger numbers were strongly impacted by the Auckland lockdown in late 2021 and the Omicron outbreak in February/March/April 2022. Passenger numbers in May/June showed good signs of recovery which resulted in Actual passenger numbers being close to Target.

Note (3) Project Performance – A change in Chief Executives and COVID-19 disruptions has slowed progress on the identified strategic projects however work continues in this area. Further details provided under Key Objectives.

Note (4) 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 has moved to a face to face survey system from FY23.

## FINANCIAL PERFORMANCE

	2021/22 Target	2021/22 Actual	Achieved/Not Achieved	2020/21 Actual
Total Revenue	5,234,670	5,845,709	Achieved	4,903,363
Total Expenses (before depreciation)	3,452,149	3,496,769	Not Achieved	3,591,694
Net surplus (deficit) before depreciation	1,782,521	2,348,940		1,311,669
Net surplus/(deficit) (after depreciation) before tax	(695,263)	727,140	Achieved	(1,188,960)
Capital expenditure	3,912,500	1,091,021	Achieved	406,639
Shareholders' funds to total assets	67%	76%		75%

Note (1) Total revenue was 12% ahead of SOI target due to the recognition of donated hangar as revenue at the fair value of \$900,000.

Note (2) Total expenditure before depreciation of \$3.50 million was 1.3% more than SOI target of \$3.45 million, and 2.6% below the previous financial year. The increase in current year expenditure was primarily due to extra costs incurred in the recruitment of CEO and rescue fire team.

Note (3) Net surplus (deficit) before depreciation was 31.8% ahead of SOI target mainly due to the positive revenue variance as mentioned in Note (1) above.

Note (4) Net surplus (deficit) after depreciation & before tax was \$1.42 million ahead of SOI target. The comprehensive revaluation on infrastructure assets completed by Beca Projects in the previous year resulted in lower current year depreciation expense due to changes to remaining useful lives of existing infrastructure assets and component split of assets to account for differing useful lives.

Note (5) Capital expenditure costs were lower than target as the Strategic Projects were not completed as originally planned due to Covid-19 related delays and a change in Chief Executives.

Note (6) As a result of achieving a current year surplus after tax of \$486,786 instead of SOI deficit after tax of \$695,263 and following the revaluation gain of FY21, the net equity of the company grew to \$59 million, resulting in shareholders' funds to total assets ahead of SOI target by 13%.

## INCOME DERIVED FROM COUNCIL

	2021 \$000's	2020 \$000's
	2,430,406	2,535,202





## 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. We have remained cognisant of this potential impact on both BOPLASS and our shareholding councils in the preparation of the BOPLASS financial statements.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our people (e.g. social distancing and working from home) and continuing to engage with our suppliers and our constituent councils through video conferencing.


The impact on our business and results has not been significant and, based upon our experience to date, we expect this to remain the case. As we operate predominately in the delivery of back of office services, during COVID-19 we have found increased demand for some of our collaborative solutions, and we expect this to continue.

## PERFORMANCE MEASURES


Target 2020/21	Result	Narration
<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>		<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> <p>FME Geocortex Essentials &amp; Geocortex Analytics X-Tools NZ Archaeological Association RetroLens</p> <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&amp;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. Sole NZ provider of print and media copyright services.</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 TCC and WBOPDC. The flying and imagery included specific requirements to capture high growth areas.</p> <p><u>N3</u> (previously known as GSB) - Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. Sole NZ provider.</p> <p><u>Media Monitoring Services</u> - BOPLASS continues to manage a collective media monitoring service with Isentia that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. Council agreement to renew for another year. Same rates negotiated. Service to be put to open tender in 2022.</p> <p><u>Zoom Services</u> - Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure.</p> <p>Enterprise contract renegotiated and renewed. No alternative providers.</p> <p><u>Standards NZ</u> - BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. No alternative</p>

 Not Measured 
  Achieved 
  Not Achieved






Target 2020/21	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>		<p>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>Securing councils' insurance cover requires a new procurement process to be undertaken every 12-months and includes investigating, or engaging with, alternative markets.</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> <p><i>This project is still under action.</i></p> <p><u>IPWEA Membership</u> - BOPLASS engaged with the Institute of Public Works Engineering Australasia on behalf of our constituent councils to establish a single BOPLASS portal to allow all councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.</p> <p><u>Courier Services</u> - BOPLASS has led a procurement process across the three North Island LASS and Hawke's Bay councils for the appointment of a courier services provider.</p>


 Not Measured
  Achieved
  Not Achieved

Target 2020/21	Result	Narration
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p>		<p><u>Debt Recovery Services</u> - Additional BOPLASS councils have moved to the shared service established by 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>Waste 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&amp;S audits and Safety Performance Indicators</u> - Waikato LASS and BOPLASS have collectively developed H&amp;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>


 Not Measured
  Achieved
  Not Achieved



Target 2020/21	Result	Narration
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>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 5% per year.</p> <p>Number of active users to increase by 10% per year.</p>		<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 added to the MahiTahi Collaboration Portal, increasing from 48 to 53 lodged projects.</p> <p><u>RSIP Redevelopment</u> - 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>		<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>		<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"> <li>• 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.</li> <li>• The BOPLASS Board approved for a CPI adjustment to be included with council annual contributions.</li> </ul> <p>Financial position year-end 30 June 2021: \$15,970 surplus.</p>

 Not Measured
  Achieved
  Not Achieved



Target 2021/22	Result	Narration
<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>		<p>Contracts negotiated and/or renewed for:  Zoom Video Conferencing Services – Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure.  Enterprise contract renegotiated and renewed. No alternative providers.</p> <p>GIS software and services –  FME  Geocortex Essentials &amp; Geocortex Analytics  X-Tools  NZ Archaeological Association  RetroLens</p> <p>Contracts renegotiated and renewed – no alternative suppliers  Print Media Copyright Agency (PMCA) – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils’ print and media copyright services.</p> <p>Sole NZ provider of print and media copyright services.  Health &amp; Safety Management Software – BOPLASS manages a collective agreement for H&amp;SMS across BOPLASS and Waikato councils. A change of ownership with the incumbent supplier saw a decline in service levels and BOPLASS engaged with the supplier to address the service shortfalls or seek an alternative supplier. Given the number of councils under the collective agreement, improvements were quickly undertaken by the vendor and improved service levels established. Project still ongoing.</p> <p>Media Monitoring Services – BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements.  Service to be put to tender in 2022-23.</p> <p>ESRI Enterprise Licensing Agreement – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed at no increase in cost to councils.</p> <p>No alternative provider in NZ.  n3 (previously known as GSB) – Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates.</p> <p>Sole NZ provider.  Health and Safety Training provider – BOPLASS renewed the collective agreement with Vertical Horizonz for H&amp;S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.)</p> <p>Standards NZ – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils.</p> <p>No alternative provider in NZ.  Inter-Council Network (ICN) – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken to deliver further cost reductions, along with the addition of new links for councils. Kordia were appointed to replace Vocus. The resultant contract will provide an improvement in service levels and financial savings for all participating councils. Migration of services to Kordia has been initiated.</p> <p>MFDs (Photocopier/printers) – Due to the variable print volumes through Covid lockdowns and the subsequent high level of working from home, BOPLASS negotiated with our incumbent provider to extend the current agreement for a further 16 months. The Variation Agreement included benefits such as retaining existing equipment, providing flexibility through the pandemic disruption, and further discounts to print rates.</p>

 Not Measured  
 Achieved  
 Not Achieved

Target 2021/22	Result	Narration
		<p>A full tender will be undertaken in 2022 when councils should have an improved understanding of volumes and requirements.</p> <p>IPWEA Membership - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2021 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.</p> <p>No alternative provider in NZ.</p>
<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>The new procurement initiatives which have been investigated during the year are as follows:</p> <p>Postal Services - Joint procurement for councils' mail services resulted in DX Mail being appointed as preferred supplier. The BOPLASS-led process covered BOPLASS, Co-Lab, MW LASS and Hawke's Bay councils. Savings for all councils will be substantial, particularly for councils with high volumes of urban mail. The contract also provides sustainability and efficiency benefits for councils.</p> <p>Courier Services - In conjunction with the Postal services tender a process was managed to identify opportunities for savings with courier services across the BOPLASS, Co-Lab and MW LASS councils. BOPLASS engaged with DIA and ACC to facilitate access to the ACC syndicated contract for courier services. This provides a substantial saving for all councils over their incumbent providers and the alignment with the mail provider offers efficiencies within council mailrooms.</p> <p>Infrastructure Insurance - Given the current restricted capacity in the international insurance markets, councils' insurance is only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through different insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2021 through direct engagement with London underwriters and Lloyds syndicates. Very good outcomes were achieved for all councils - both in insurance rates and the cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p> <p>My Everyday Wellbeing - Staff online wellbeing platform used extensively across local government. Negotiated for BOPLASS councils to be treated as a single entity. Added Co-Lab and MW LASS councils into same enterprise membership. Negotiated 12-month subscription providing savings to the collective group.</p> <p>Rapid Antigen Tests (RATs) - BOPLASS engaged with other LASS and CCOs to aggregate volumes to leverage improved pricing. Several RATs orders were placed on behalf of BOPLASS, Co-Lab, MW LASS and council CCOs. The volume of the collective order resulted in heavily discounted pricing and priority service.</p> <p>GIS Training - BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils, providing substantial savings through the collective training and also helping to bring all councils up to similar skill levels.</p> <p>High-Volume Print - The benefits of councils collaborating in high-volume print services are being investigated. Councils currently use a variety of solutions ranging from in-house commercial print equipment/print rooms to outsourced models. Investigation still under action.</p> <p>Cyber Insurance - The renewal of councils' cyber insurance policies was facilitated by BOPLASS through a collective programme. Insurers have become much more selective in their placements and local government are viewed as a high-risk client. BOPLASS were able to bring Berkshire Hathaway Specialty Insurance onto the programme who thoroughly analysed councils' IT systems and security. Despite an initial rejection of cover for some councils, BOPLASS was able to provide further information to the insurers, resulting in the collective approach being reinstated and all councils able to secure cover at a reduced cost.</p> <p>Cyber cover is an annual agreement that requires going to market every year.</p>

Target 2021/22	Result	Narration
		<p>Aerial Imagery – As part of the BOPLASS regional imagery programme, three tenders were run for orthophotography services this year. Separate contracts were awarded to AAM NZ for the eastern BOP region and TCC interim flying programmes. The flying and imagery for TCC included specific requirements for the capture of high growth areas. A separate procurement process was undertaken for Gisborne District Council with the contract awarded to Aerial Surveys.</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>		<p>BOPLASS has led several interLASS projects this year or worked together with other LASS to develop inter-regional benefits:</p> <ul style="list-style-type: none"> <li>• Waste Operator Licencing Data System</li> <li>• Courier Services</li> <li>• Mail Services</li> <li>• H&amp;S Management System</li> <li>• H&amp;S training providers</li> <li>• Occupational Health Services</li> <li>• Rapid Antigen Tests purchasing</li> <li>• Staff Wellbeing Portal</li> <li>• Regional Contractor Database</li> <li>• Risk Management Practices</li> <li>• Collaborative Policy Development</li> <li>• Insurance Renewals Standardisation</li> <li>• Debt Recovery Services</li> </ul> <p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads aiming to meet on a quarterly basis. Several joint procurement projects have been completed and further opportunities identified. Projects being undertaken by other LASS are offered to BOPLASS councils on a commercial basis.</p>
<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 5% per year.</p> <p>Number of active users to increase by 10% per year.</p>		<p>Projects continue to be added to the MahiTahi Collaboration Portal, increasing from 53 to 88 this year.</p> <p>Continued promotion of the MahiTahi Collaboration Portal has seen a 10.5% increase in registered users with numbers increasing from 388 to 429.</p> <p>On-boarding and training material has been helpful in creating a smooth transition for any new members.</p> <p>Working with the DIA, the MahiTahi Collaboration Portal now includes secure areas to support Local Transition Groups working collectively on the Three Waters project. Regional Software Holdings Limited are migrating the regional sector Special Interest Groups to be hosted in a similar collaborative environment as the MahiTahi Collaboration Portal. Technical aspects of the migration are being supported by BOPLASS.</p>

 Not Measured  
  Achieved  
  Not Achieved

Target 2021/22	Result	Narration
<p>Communicate with each shareholding council at appropriate levels. Meeting with each Executive Leadership Team. At least one meeting per year.</p>		<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>Formal meetings with all council executive teams were unable to be completed this year. Staff absences, travel restrictions and increased workloads meant not all councils could be covered. See Covid Disclosure p. 47.</p>
<p>Ensure current funding model is appropriate. Review BOPLASS expenditure and income and review council contributions and other sources of funding. Performance against budgets reviewed quarterly. Company remains financially viable.</p>		<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. Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2022: \$6,244 surplus.</p>

 Not Measured
  Achieved
  Not Achieved



## CO-LAB

### WHAT WE DO?

Co-Lab is the trading name for Waikato Local Authority Shared Services Ltd (WLASS). The new name better reflects what the organisation does - collaborate with partner councils to achieve better outcomes for them and their communities - and the organisation's role as an ideas 'laboratory' for developing new ideas that could turn into shared services.

Co-Lab is a council owned organisation (CCO) with 12 shareholders. Rotorua Lakes Council has approximately an 8% shareholding in the company.

The Co-Lab Board has six directors - an independent Chair and council representatives.

Member councils pay a small annual levy, depending on their size. Services obtained are funded on a user pays basis - each council pays for and receives the financial benefits of its share of any particular service.

Much of the work of Co-Lab is undertaken by working parties or advisory groups made up of staff representatives from the shareholding councils who have expertise and interest in particular services.

The Board publishes a Statement of Intent in June and holds an Annual General Meeting in November each year. The accounts are audited annually by Audit New Zealand, and the Annual Report is generally published in August.

Co-Lab's vision is for partner councils to maximise the value they provide to their communities. The organisation supports councils to achieve this vision by identifying and realising shared opportunities.

Co-Lab aspires to create the following outcomes:

- ④ achieve effectiveness and efficiency gains;
- ④ reduce duplication of effort and eliminate waste through repetition;
- ④ help partner councils achieve an appropriate balance in risk and return;
- ④ promote and contribute to the development of best practice;
- ④ make it easier for communities to engage with partner councils in the region on a consistent basis;
- ④ promote business transformation to improve communities' experiences;
- ④ enable partner councils to collectively be more effective as a region on the national stage; and,
- ④ contribute to building central government's confidence in the region, and to encourage central government investment.

These are extraordinary times, and Co-Lab acknowledge the difficulties their partner councils face; living alongside Covid-19 in the community, a raft of central government reform that moves closer to being reality, a tight labour market and a cost-of-living unseen in recent history.



Co-Lab has shared in the adverse impacts of these macro-conditions. Maintaining focus on initiatives to help partner councils address these challenges in some way. That has included improving operational efficiency, for example:

- ④ leveraging investment to develop a coordinated approach to learning and development outcomes, and to find innovative ways to use technology to engage your communities;
- ④ the cross-council procurement of structural asset management services;
- ④ during Covid-19 lockdowns, expediting knowledge sharing across their partner councils P&C groups and managed a bulk purchase of rapid antigen tests; and,
- ④ developing the Community Needs Analysis report that provided valuable information for engagement with the panel considering the Future for Local Government.






Co-Lab continues to remain in a financially sustainable position and have been significantly ahead of budget with a \$543k surplus. The favourable variance is a result of expenditure on some services and projects being less than anticipated. Most of that expenditure will be incurred in the coming year. However, Co-Lab will be reviewing any cash reserves and will reduce council funding in the upcoming year, wherever it makes sense.

*At the time of printing this report, the results for Co-Lab year ending 30 June 2022 are draft, and the information contained herein is subject to change as it is currently undergoing review by Audit New Zealand. The Co-Lab Annual Report is due for adoption at the end of November 2022.*


## 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. Target: Projected savings to councils of \$300k+	No business cases were presented to the Board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning.  By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.	Unable to currently measure
	Opportunity assessments are supported by councils. (evidenced by Board minutes). Target: 75% of Councils	Nine councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022. Eight councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.	④

④ Not Measured    ④ Achieved    ④ Not Achieved

Target	Measure	Outcome	Status
Develop opportunities and deliver projects within agreed budgets and timelines	Opportunities / projects are developed / delivered within agreed timelines. Target: 80%	43%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although Covid pressures in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council stakeholders. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building Consent Cadetship Discovery project and the project to establish the Co-Lab Geospatial Services unit.	
	Opportunities / projects are developed / delivered, within approved budget. Target: 90%	71%: Five of seven projects were completed within budget. The main exception was the Learning & Development Shared Service project where the cost of the project team went slightly over budget. This was a result of the delays, and therefore extension of effort that is explained above.	
Ensure projects realise their expected benefits	Measurable benefits are actively monitored and reported against. Target: Six-monthly	During the last financial year, we presented the following to the Audit & Risk Committee: Waikato Data Portal PSP Waters Collaboration Insurance	
	Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised). Target: For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months Target: 90% of projected quantifiable benefits are realised		
			Unable to currently measure
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 Target: 80% of councils	A stakeholder survey was undertaken in May 2022 as noted above. 80% of respondents said that the services they received either met or exceeded their expectations.	

 Not Measured    Achieved    Not Achieved

Target	Measure	Outcome	Status
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 Target: Four per annum	Ideas for future consideration and/or initiatives identified include: Redesign of the WBCG Quality Manual - In progress Cadet Project - In progress New Build Waikato website delivered - Completed Water Data Quality dashboard Fortnightly P&C response group for Covid-19 The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage. Procurement Managers have been involved in a few joint procurements.	

 Not Measured  
  Achieved  
  Not Achieved



# TAUĀKĪ PUAKANGA DISCLOSURE STATEMENTS ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2022.

## 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.

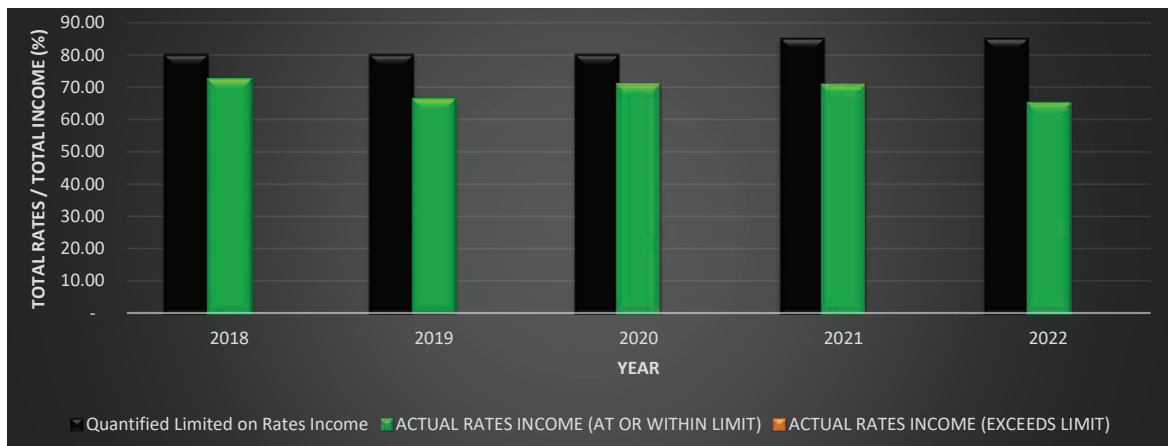
## RATES AFFORDABILITY BENCHMARK

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.

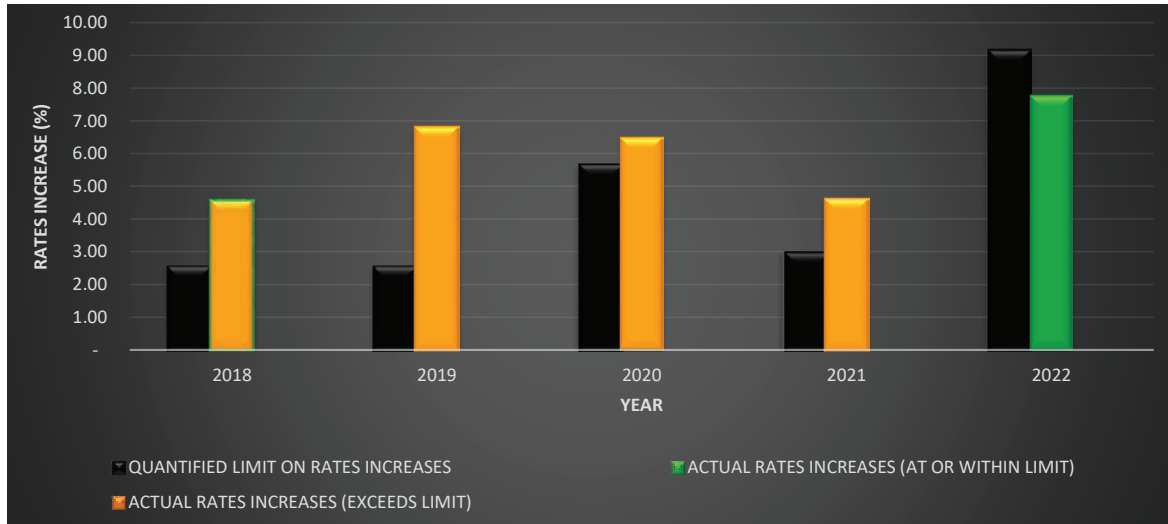
## RATES (INCOME) AFFORDABILITY

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 2021/22 to is less than 85%.



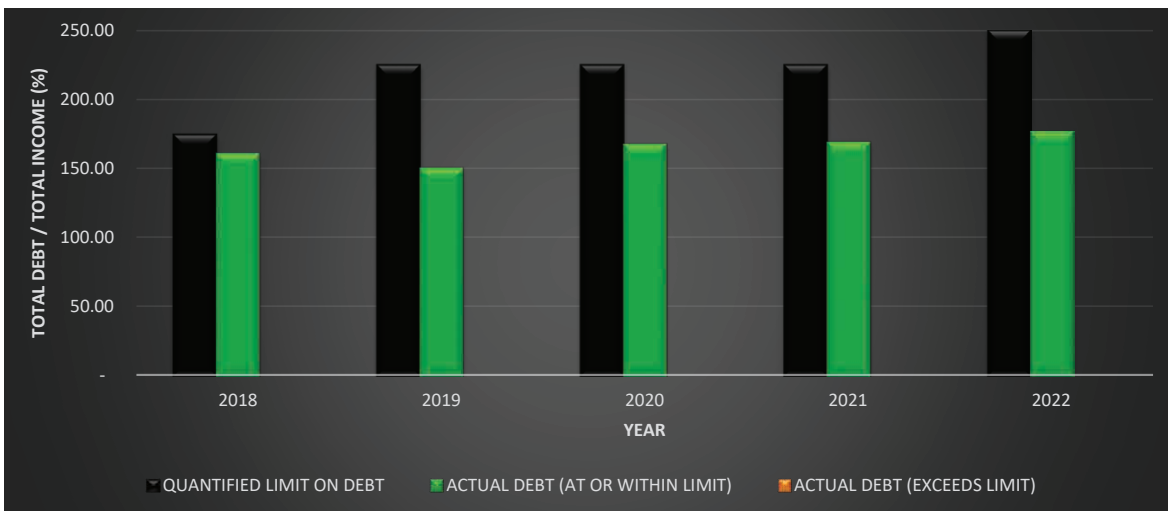
## RATES (INCREASES) AFFORDABILITY

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 2021/22 was set at 9.17%.

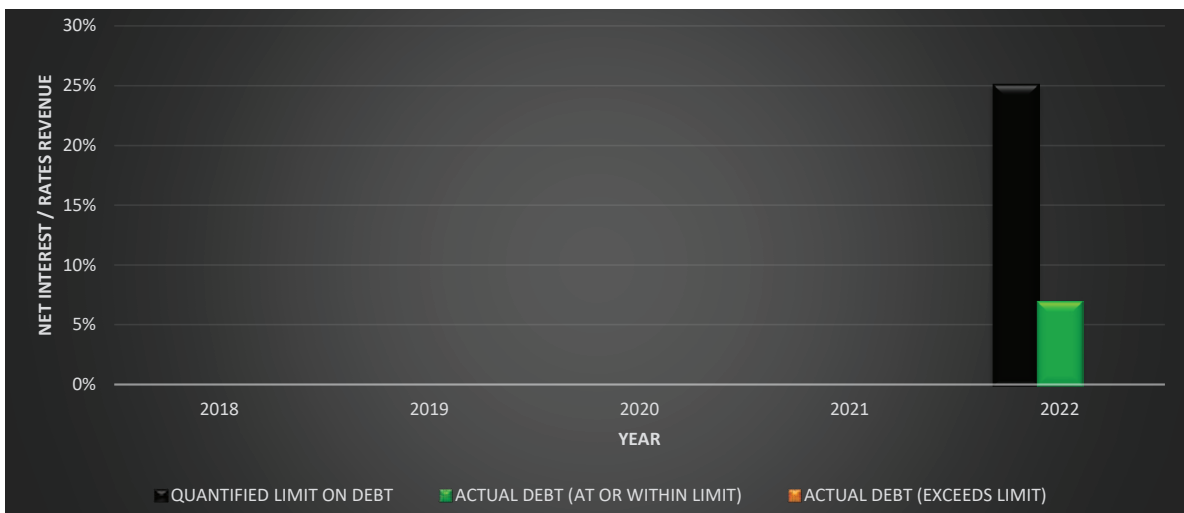


## DEBT AFFORDABILITY BENCHMARK

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 250% of total income.

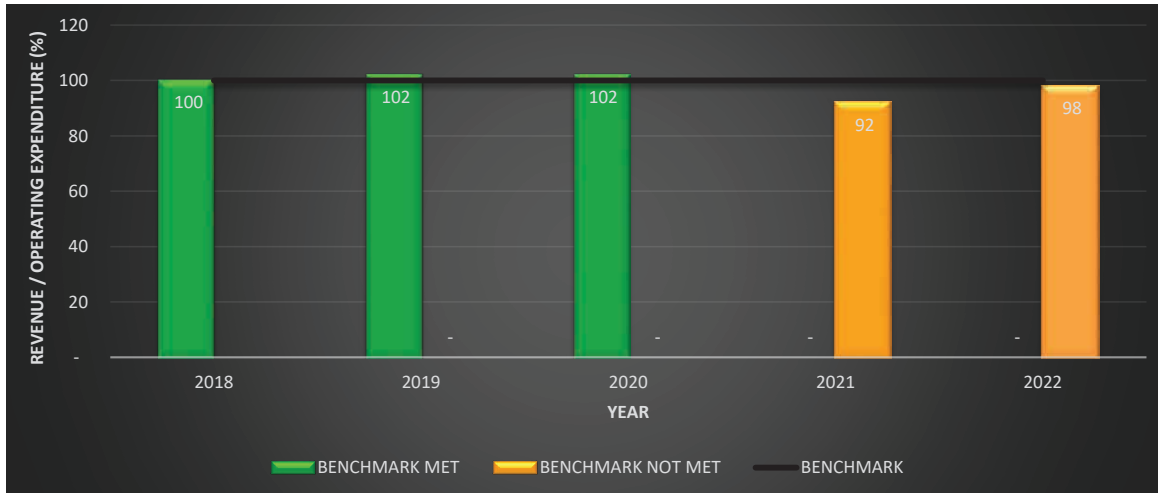


The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy in the 2021-31 Long term Plan. Council meets the affordability benchmark if its net interest on external debt as a percentage of annual rates revenue does not exceed 25%. This was a new measure introduced in the 2021-31 Long term Plan.



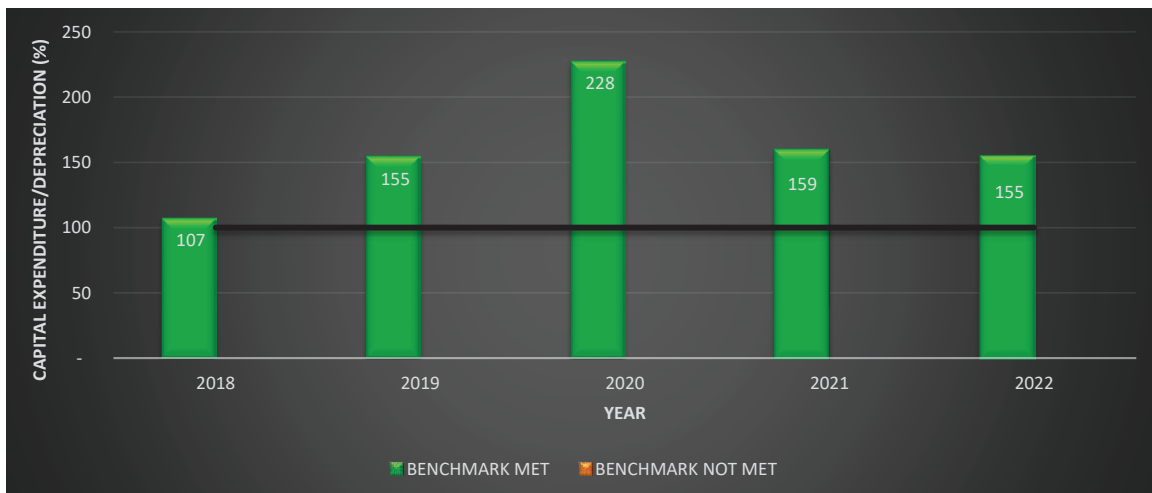
## BALANCED BUDGET BENCHMARK

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.



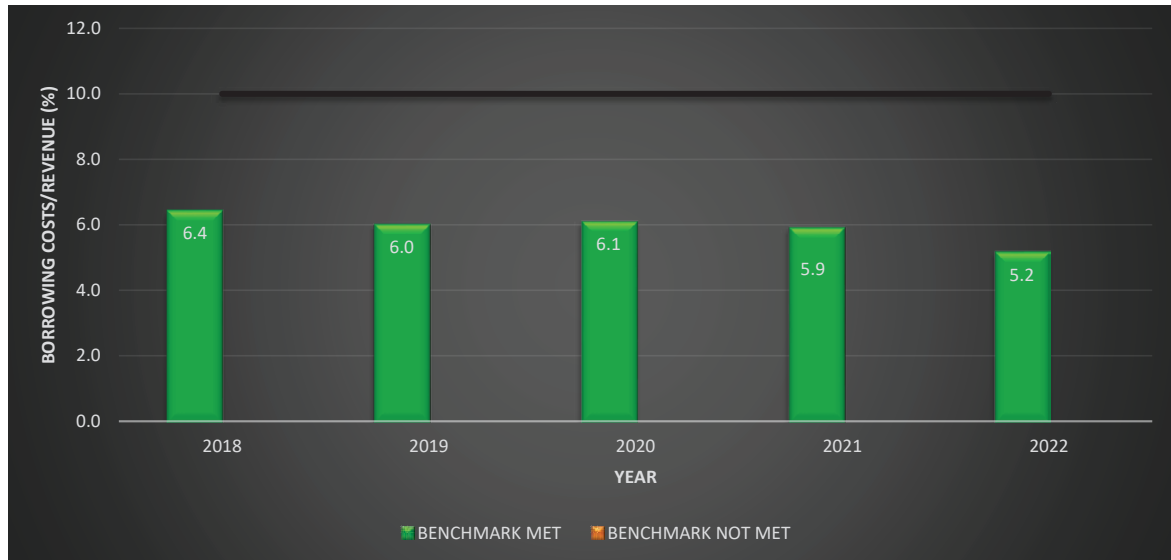
## ESSENTIAL SERVICES BENCHMARK

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.



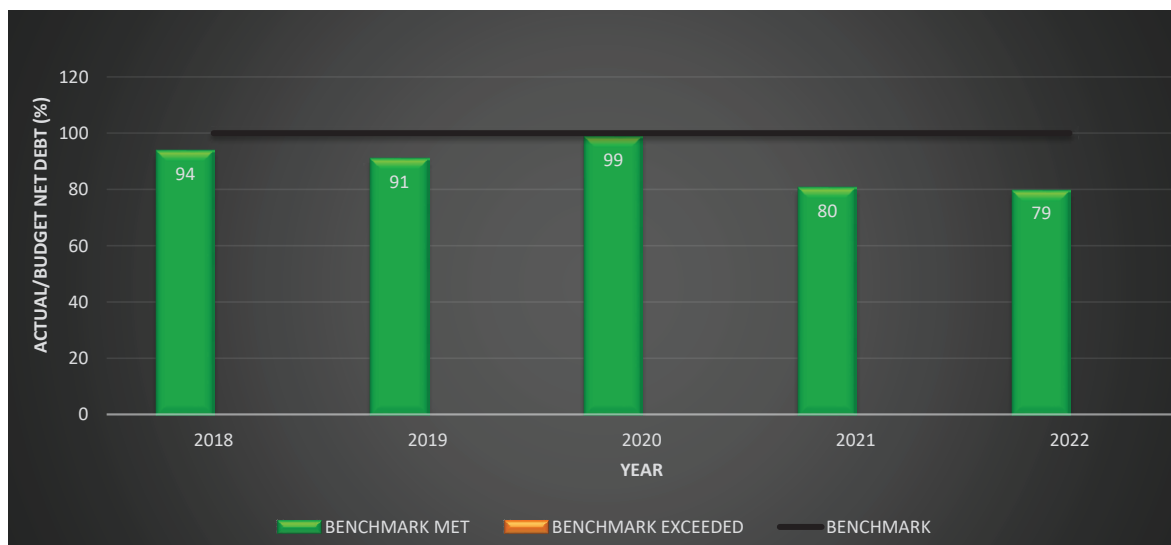
## DEBT SERVICING BENCHMARK

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.



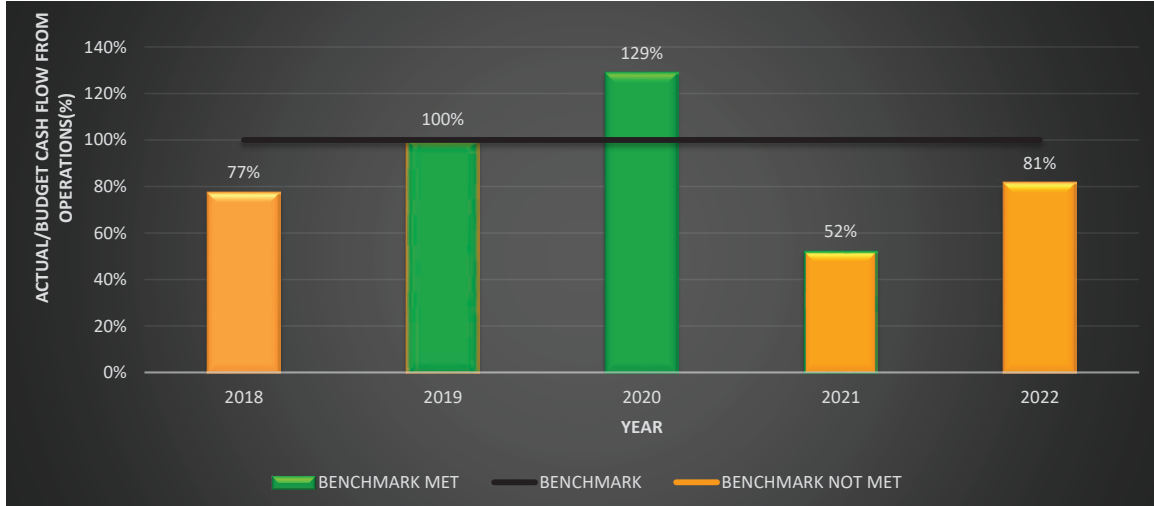
## DEBT CONTROL BENCHMARK

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. In 2021/22 this measure was not met due to the impact of Covid on fees and charges revenue.









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